

# Business

Senior Editor/Business: James Meier • (760) 778-4623 • business@thedesertsun.com

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DOW 12,151.26

S&amp;P 500 1,300.16

NASDAQ 2,732.78

AMEX 2,380.17

NYSE 8,222.15

## Mazda reportedly ending U.S. production

### Automaker runs Michigan plant as partner with Ford

The Associated Press

TOKYO — Mazda Motor Corp. plans to leave its joint venture with Ford Motor Co. and stop building cars in the U.S., the Nikkei financial daily reported Friday.

Mazda and Ford operate the Auto-Alliance International plant in Michigan as a 50-50 partnership. Citing unnamed company sources, the Nikkei said Mazda is considering selling its stake to Ford as the Japanese automaker tries to restructure its global production.

Mazda cars sold in the U.S. will be shipped from Japan and Mexico starting around 2013, according to the Nikkei.

In response, Mazda issued a short statement saying the report was not based on information it had released. "Mazda and Ford are jointly studying various possibilities for AAI, and we have nothing to announce at this time," Mazda said. "We do not comment on speculation."

The plant in Flat Rock, Mich., manufactures the Mazda6 midsize sedan and the Ford Mustang. It employs about 1,700 workers, according to

Ford.

The U.S. automaker has essentially agreed to maintain current worker levels by expanding the models it builds at the facility, Nikkei said.

The two companies loosened their longtime auto alliance last year when Ford cut its stake in Mazda from 11 percent to 3.5 percent. At the time, Mazda President Takashi Yamanouchi insisted that the two companies would continue to cooperate through joint

ventures and technology exchanges.

Mazda's latest financial results revealed tough times for the Hiroshima-based company.

Its net losses swelled to 60 billion yen (\$742 million) in the fiscal year ended March 31, from 6.5 billion yen the previous year. The company blamed a persistently strong yen and lackluster sales in Japan, as well as the March 11 earthquake and tsunami that disrupted auto production.



CRYSTAL CHATHAM THE DESERT SUN

El Paseo Bank parent company CEO Joseph Kiley III is seen outside the bank's branch in Rancho Mirage. Kiley became CEO in January.

## Turnaround expertise

### CEO says hard work by team will be successful for El Paseo Bank

BY MIKE PERRAULT  
The Desert Sun

Joseph Kiley III remembers his father working eight-hour days, then driving through dense Tule fog on unlit two-lane country roads to attend law school in Stockton.

"He built his law practice while he still worked at the cement plant," Kiley said.

Kiley's father eventually became a public defender and district attorney of Calaveras County. His mother, Shirley, worked at the post office and raised four children.

"They both instilled a good work ethic in me," Kiley said.

As a high school football player, Kiley embraced his coach's philosophy.

"If you take care of the little things, the big things take care of themselves," said Kiley, who applies it to all facets of his life.

That philosophy, a solid work ethic and a leadership style the 55-year-old developed at several banks are attributes Kiley hopes will help him engineer a financial turnaround at El Paseo Bank.

Less than six months ago, Kiley was named president, CEO and a director at Western Community Bancshares. It is the parent company of Palm Desert-based El Paseo Bank and Park City, Utah-based Frontier Community Bank, both community banks in resort areas.

Clifford Miller, chairman of the board for El Paseo

and Frontier, said Kiley stepped in to replace Andy Montgomery, who helped found the bank and remains a director of the bank and its holding company.

Board members chose Kiley, a former certified public accountant, because of his extensive banking knowledge and track record at other banks.

At First Bank of Beverly Hills, for instance, Kiley was credited with returning the bank to profitability and more than doubling its assets to \$1.4 billion.

As chief financial officer at both Mercantile National and Hancock Savings banks, he led re-capitalization efforts.

Not long after stepping into his current position, Kiley surrounded himself with a new team of senior managers.

Debrah Parker serves as chief credit officer, **Please see TURNAROUND, E2**

## Tesla Motors stock sale to raise \$211 million

BY TOM KRISHER  
AP Auto Writer

DETROIT — Electric car upstart Tesla Motors Inc. said Friday that it has priced a secondary public stock offering at \$28.76 per share, and it has buyers for all 5.3 million additional shares.

In addition to the shares in the public offering, CEO and co-founder Elon Musk will buy 1.4 million shares in a private sale at the same price. Blackstar Investco LLC, an affiliate of Daimler AG, also will buy 637,475 shares directly from Tesla, the company said in a statement.

The Palo Alto company gave no date

to complete the sale, which will raise a total of \$211 million to be used mainly to develop a crossover vehicle to expand the company's model lineup.

In addition, Goldman, Sachs & Co., the sale underwriter, has a 30-day option to buy another 795,000 shares, raising another \$22.9 million. That would bring the total value of the sale to around \$234 million.

News of the pricing, which was set at Thursday's closing price, pushed Tesla shares up \$1.68, or 5.8 percent, to \$30.44 in morning trading. Tesla shares closed at \$26.72 on May 24, the day the second public offering was

announced.

Shares have risen dramatically since Tesla's initial public offering a year ago, when the stock sold for \$17.

Money from the sale is needed to develop the Model X, an SUV-like vehicle that will broaden the company's appeal among consumers. Tesla gave no details and has not offered pictures of the vehicle, which would boost Tesla's sales with an entry into a fast-growing segment of the U.S. market. The company plans to show a prototype of the Model X by the end of 2011 and start selling it in late 2013. Tesla currently sells just one vehicle,

the \$109,000 Roadster, an electric sports car popular with celebrities and performance-car enthusiasts. It will offer a \$50,000 four-door luxury sedan called the Model S next year.

Tesla also makes technology, such as battery packs and chargers, for Daimler and Toyota. It is developing the power system for an electric version of the Toyota RAV-4, a popular small crossover vehicle.

The company has posted losses since the IPO as it invests heavily in research and development. It lost \$48.9 million in the first quarter largely because of ballooning costs.

## Options growing for fresh produce

### Westfield, Target launching fresh food operations

BY K KAUFMANN  
The Desert Sun

Palm Desert shoppers looking to streamline their trips to the city's malls, supermarkets and big-box stores might be in luck this weekend as both Westfield Palm Desert and Target roll out new fresh produce and food sections.

Westfield is launching The Market Place, which general manager Eddie Ollmann described as "a combination of a street fair and home show and a farmer's market."

Meanwhile, the Target store at the Desert Crossing Shopping Center will showcase its new fresh food section with a Sunday kickoff.

Both launches reflect a national trend among chain retailers to expand their offerings to customers, with a focus on good prices and convenience.

"We're really just excited to see how much the mall shopper likes it," Ollmann said. "It's a chance to offer something new, to take advantage of (the mall's high) roof and air conditioning."

The chance to get out of the valley's yet-to-arrive-regularly triple-digit summer temperatures may have drawn some vendors from College of the Desert's Street Fair, which also runs on weekends and is a couple blocks north of the mall.

"In the summertime, everyone's trying to make a sale," said Gene Marchu, executive director of the COD Alumni Association, which runs the street fair.

The event traditionally runs with fewer vendors during the summer, he said. There may be some crossover between the fair and The Market Place, he said, but he has about the same number of vendors

**Please see PRODUCE, E3**

### If you go

■ **The Market Place:** 10 a.m.-5 p.m. Saturday, 11 a.m.-5 p.m. Sunday, Westfield Palm Desert, 72-840 Highway 111. Information: (760) 346-2121

■ **Target Fresh Grocery section launch:** 8 a.m.-9 p.m. Sunday, 72-549 Highway 111. Information: (760) 341-9307

■ **COD Street Fair:** 7 a.m.-noon, Saturday and Sunday, 43-500 Monterey Ave. Information: (760) 636-7957

## BUSINESS BRIEFS

### coachella valley

#### Learn about online financial management

People considering launching a business or who already operate a business and want to learn about using online financial management tools can participate in the **Online Financial Management Webinar** from 10 a.m. to 12:30 p.m. Tuesday.

The Webinar is being put on by the **Inland Empire Women's Business Center at Cal State San Bernardino**.

The Webinar will discuss tools that can be used to help participants manage their balance sheet and in-

come statement from anywhere at any time.

Visit [www.iewbc.org](http://www.iewbc.org) to register online or call **Rachel Wolfenbarger** at (909) 890-1242 for information.

— MIKE PERRAULT

### palm desert

#### Blanke Schein Group joins HighTower financial

HighTower, a Chicago-based financial services company serving institutional and high-net-worth clients, announced its expansion with a new advisor team, the Blanke Schein Group of Palm Desert.

Mike Papedis, HighTower manag-

ing director of business development for HighTower, said this is the second group from the Coachella Valley to join the partnership in the last month. The first was the Amidei Romano Group.

Together, the clients from Blanke Schein and Amidei Romano have combined assets of \$700 million, a spokeswoman for HighTower said. "Wall Street's model is now designed to maximize the profits it earns off each client," said Kevin Geary, HighTower director of business development on the West Coast. "Our model is designed to maximize the amount of choice and competitive access our clients can get."

The benefit of joining a firm such

as HighTower is they become owners in the partnership, and can buy products from the street. They are not locked into a specific firms' product.

The Blanke Schein Group, led by William Blanke, Robert Schein and J. Michael Shields, all of whom will serve as partners and managing directors at HighTower, delivers more than 50 years of investing and wealth management experience serving individuals, families and business.

"This is the second large advisory team to join us in Palm Desert and we expect to expand our California presence over the next year," Papedis said in a statement.

— DEBRA GRUSZECKI

### coming sunday

The Coachella Valley's economy has almost reached a point of equilibrium, The Desert Sun's latest quarterly Economic Index shows.

The construction and tourism sectors made significant progress in the first quarter of the year.

Economist Esmael Adibi continues to forecast that the valley's recession could end by the end of the year unless fluctuating gas prices and inflation get in the way.

# Private sector not committed to more hiring

With the ADP private sector employment figures for May generating a puny multi-month low of 38,000 hires, following a major downturn in the Conference Board's Consumer Confidence Index Tuesday, a new wave of pessimism routed Wednesday's stock markets.

Friday's equally depressing 54,000 personnel additions confirm the corporate lack of adding new employees pervades all aspects of business and industry, and even government.

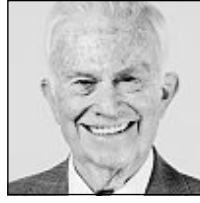
The goods news is that businesses have already shed most of their excess employees, even in the face of the most advanced technology today.

What has gotten lost in much of the political diatribe relating to the increasingly vexing unemployment burden is that America's private sector is more committed to personnel divestiture at this time than bringing more people on board.

There are four major rationales behind this decision:

- Maximum productivity, generated by technology on the shop floor and the back office. This has lowered costs and added profits in a continuing weak demand market climate.

- The perceived impact of strangulating financial regulations and health care mandates that are already impinging on companies' bot-



**morris r. beschloss**  
global economics

tom lines. These have become a marked hiring dissuader.

- The discovery that the ability to produce more with less "hands-on" labor has put record cash liquidity on most companies' bottom lines.

■ The current fear of major expenditures at a time when the "beltway" political climate projects, at best, a regulatory standoff.

As the White House negotiates a new debt ceiling with Congress, all business leaders, with whom we've talked, are loath to make any long-term commitments in an economic climate they consider unfixable.

With traditional "hands-on" employers such as automotive, con-

struction, big steel, fabricated metals, and energy extraction and derivatives, etc., utilizing only a fraction of numbers prevalent just a decade ago, there is little in the foreseeable future that would encourage significant personnel additions, or even retention, of present levels.

Morris R. Beschloss writes a regular blog on [mydesert.com](http://mydesert.com). He can be heard on KPSI Radio 920 AM from 8 to 9 a.m. every Friday. He can also be seen on KESQ Channel 3, and on Time Warner Cable TV Channel 111.

## What do you think?

Do you agree or disagree with Morris Beschloss? Share your opinions. Visit [mydesert.com](http://mydesert.com) and comment on Beschloss' blog.

# TURNAROUND: CEO says El Paseo Bank on the right track

Jonathan Wick is CFO, and Dorreen Wanitschke oversees compliance and risk management.

They're working with Kiley and other staff to launch an 83-page capital plan that was recently submitted to federal regulators.

"It's our blueprint going forward," Kiley said.

El Paseo Bank had more than \$31 million in troubled assets at the end of 2010 and lost about \$13 million in a 12-month period. The bank holding company, which received federal Troubled Asset Relief Program funding, missed several payments.

Yet Kiley is convinced he can turn things around.

"I have a balance sheet that is big enough to take on the problems I have here, enough equity to get through it," Kiley said. "Granted, the regulators want to see more, and we're doing everything we can to get more."

## 'Count me in'

Kiley sought a commitment from all staff to see El Paseo Bank's turnaround through. He's using a "count me in" theme he likens to an initiative that former USC football coach Pete Carroll employed.

"We're essentially saying, 'I'm in, we're all in,'" Kiley said.

Such a strategy is in line with Kiley's leadership style, which is "to motivate" rather than intimidate. He tries to empower employees and allow them to learn from their mistakes.

The best employees aren't necessarily the smartest, Kiley insists, but rather those who are dedicated, trustworthy and arrive every day ready to give it their all.

"Those are the people you love to work with," Kiley said. "I like to see employees solve problems on their own. There is always a better idea out there, and I'd be fooling myself if I thought I had all the right ideas."

El Paseo Bank's culture was largely established before Kiley arrived by people such as former CEO Montgomery, various board directors and key staff.

That includes one of El Paseo Bank's more recognized board directors, the late Merlin Olsen — a football star who played 15 years with the Los Angeles Rams and went on to become an actor in "Little House on the Prairie" and other TV shows.

Olsen's accomplishments and his reputation for integrity and trustworthiness had to bode well for El Paseo Bank's image, Kiley said.



## About Joseph Kiley III

**Position:** President, CEO, director at Western Community Bancshares, parent company of El Paseo Bank and Frontier Community Bank.

**Career:** Previous positions include president, CEO and director at Imperial Capital Bancorp Inc. and Imperial Capital Bank.

- Director, California General Bank
- Director, President & CEO at First Bank of Beverly Hills, Calabasas, a subsidiary of Beverly Hills Bancorp Inc.
- Director, CFO at National Mercantile Bancorp, Los Angeles; CFO of Hancock Savings Bank, Los Angeles

**Education:** California State University, Chico; business, accounting

non-performing assets are key indicators of how well a bank can weather financial difficulties, regulators said.

Like other financial institutions in the Coachella Valley, El Paseo Bank loaned money to developers, construction companies and other firms just as the valley's real estate market hit the skids.

Loans for land and lots make up a quarter of El Paseo Bank's bad loans, Kiley said.

Along with a call to boost the bank's capital, federal regulators listed other problems the bank must tackle. They include inadequate compliance management, weaknesses in credit administration and inadequate staffing and monitoring for the Bank Secrecy Act.

El Paseo Bank staff has been resolving the issues and reporting to the federal Office of Thrift Supervision, which has already deleted four of its de-

"Trust, to me, is everything," Kiley said. "It has to be in every aspect of what we do."

The bank's culture also is about striving to provide good, old-fashioned customer service, where real people answer the phones when customers call. The idea is that customers can speak with a friendly person empowered to make quick decisions and give advice.

Kiley said it's common for staff to provide customers with a list of local movies or things to do following a casual conversation.

## Regulator concerns

The staff also has been busy addressing a list of concerns

raised in an audit by the federal Office of Thrift Supervision.

In March, federal regulators issued a "cease-and-desist" order requiring the bank to submit a detailed plan to boost its capital as a cushion to absorb more losses as a result of problem loans.

The order, which is a stricter version of a memorandum of understanding, requires the bank to raise its risk-based capital level to 12 percent from about 9.3 percent.

The order also calls for El Paseo Bank to raise its Tier 1, or core capital, ratio to at least 8 percent from about 5.4 percent, Kiley said.

The capital ratio and level of

mands, Kiley said.

About 78 percent of Western Community Bancshares' \$300 million-plus assets are at El Paseo Bank, where about 50 employees and all but one senior manager are located. Another 15 employees and one senior manager are at Frontier Community Bank's two branches in Park City.

Kiley would like to see the bank's holding company grow to \$500 million in assets — and eventually to \$1 billion.

El Paseo Bank is working with an outside investment banking firm to structure a strategy to raise capital, officials said.

Addressing regulators' concerns is not the way El Paseo Bank had hoped to mark its 10-year anniversary this year.

"I think the real way to celebrate is to raise the capital we need to get out from under those regulatory orders," Kiley said.

# Features of Apple's next iPhone are kept secret

**QUESTION: I keep hearing that a new iPhone is coming. When will it arrive and what will make it different than the current iPhone?**

**ANSWER:** Yes, a new iPhone is on the way. Apple releases a new one every year. Typically, that happens at the World Wide Developer Conference. This year the conference starts Monday. However, there are rumors the next iPhone might be pushed back to September or later. The iPhone always generates a lot of rumors. It does and doesn't support 4G. There will or there won't be an 8-megapixel camera. It's got an edge-to-edge screen or maybe a smart bezel. You'll be able to buy it from T-Mobile and Sprint, or not. It's nearly impossible to make a solid prediction. All that's known for sure is it will be faster, sleeker and a hot seller.

**My niece is going to be earning extra money by scanning family photos. What kind of equipment will she need?**

Well, she'll obviously need a computer and scanner. Any modern computer can handle photo scanning and organizing. Most modern scanners will work fine for photo scanning as well. There are even scanners specialized for easy photo scanning. However, most of those are limited to 4-inch by 6-inch photos. She'll want to scan the photos at 300 dpi, at least. That will allow for good quality prints later. If she wants to blow up the photos, try 600 dpi. Remember to wipe down the scanner glass with a microfiber cloth occasionally. This will remove oil, dust and hair for a cleaner scan.

**I have a Google Android phone. I heard that hackers can steal my information with Wi-Fi. What is going on?**

There was a flaw in the way Android handled apps. This was mostly confined to Google apps like Contacts and Calendar. For automatic syncing, the phone created identification tokens. Unfortunately, these tokens were sent over an unencrypted connection. A properly equipped hacker on the same Wi-Fi network could snag them. They could use them to log in to your accounts. Google recently fixed this flaw by making a change to



**kim komando**  
komando's q&a

its servers. Now, all token communications are encrypted so hackers can't snoop. You don't need to do anything with your phone.

**How can I change wallpaper in Mac OS X?**

Changing the wallpaper isn't terribly difficult in OS X. Click the System Preferences icon on the dock. Then click the Desktop & Screen Saver icon. Select the Desktop tab for wallpaper settings. You will see a list of wallpaper folders and wallpaper image preview thumbnails. Click on a thumbnail to set it as the wallpaper. To add new wallpaper folders, go to the wallpaper list. Click the Plus button at the bottom. Browse to the folder containing the wallpaper. Select it and click Choose. You can now select your custom wallpaper.

**Is it possible to increase the text size on websites?**

All Web browsers let you adjust Web page zoom levels. This will make the text larger or smaller. To do this, press CTRL + + (plus) or CTRL + - (minus). You can reset the zoom to 100 percent with CTRL + 0 (zero). Just note that in Internet Explorer you have to use the zero from the upper number row. You can also hold down the CTRL key and scroll with your mouse's scroll wheel. This will increase or decrease the zoom, depending on the scroll direction. Firefox and Chrome will remember unique zoom levels for specific websites. Internet Explorer will apply the zoom to all websites.