

TICKER

	DOW JONES	10,830.00	+63.77
	S&P 500	1,210.41	+6.81
	NASDAQ	2,071.25	+19.53
	NYSE	7,351.03	+29.80

Suit opens with claims of bias on car loans

NASHVILLE, TENN. | Auto financing companies have long used marked-up car loans to charge higher interest rates, but plaintiffs' lawyers in a federal discrimination trial say black customers have suffered from the practice even more than whites.

In opening statements Tuesday, plaintiffs' lawyer Clint Watkins said economists from Yale and Vanderbilt universities "will explain how African-Americans and Hispanics are seen in the industry as a prime profit opportunity."

He said the black customers of Primus Automotive Financial Services, an affiliate of Ford Motor Credit Corp., were more than twice as likely as whites to be charged higher rates on car loans.

But a lawyer for Primus said the evidence will show that blacks and whites were equally as likely to receive markups.

Marking up a loan is a practice in which dealers add percentage points of interest to a loan and, in agreement with the finance company, get to keep most of the extra interest money.

Since 1998, there have been several lawsuits filed against auto financing companies, alleging discrimination against blacks. Those suits have resulted in five out-of-court settlements. The class-action suit against Primus is the first to go to trial.

Technology sector, oil prices help market

NEW YORK | Falling oil prices and a broker upgrade of the semiconductor sector pushed stocks higher Tuesday, enticing buyers back into the market after the previous session's losses.

Technology shares climbed as both J.P. Morgan Securities and Lehman Brothers upgraded the chip sector. Morgan cited "a more bullish view" of the industry. Technology shares have lagged as other stocks moved up last month, and investors greeted the news as a sign that the recovery was finally spreading to the tech sector.

A drop in oil prices helped feed buying in stocks, as investors hoped that crude futures would not pass \$52 per barrel. Light, sweet crude for April delivery fell 7 cents to \$51.68 a barrel on the New York Mercantile Exchange.

Goodyear chairman gets \$2.6 million bonus

AKRON, OHIO | Directors of Goodyear Tire & Rubber Co. have rewarded chairman Robert J. Keegan's turnaround effort with a \$2.6 million bonus, the tiremaker said in a filing with the Securities and Exchange Commission.

The bonus, approved by directors last week and reported to the SEC on Monday, was the biggest annual executive award by the Akron-based company in at least a decade.

Keegan, a former Eastman Kodak Co. executive who became Goodyear's chairman and CEO in 2003, has directed a restructuring which trimmed Goodyear's work force, cut interest expenses and landed a new contract with the Steelworkers union.

Goodyear's stock price, which was trading near \$7 within the past year, closed at \$14.46, down 25 cents, in trading Monday on the New York Stock Exchange.

North-of-the-river site is progressing

Development will include 240-unit apartment complex

By Steve Reeves
Staff Writer

TUSCALOOSA | A major housing and retail development seeking to capitalize on the rapid growth north of the Black Warrior River is well under way.

Commons North, an approximately 50-acre development at Rice Mine Road and New Watermelon Road, will contain retail spaces, restaurants and an upscale 240-unit apartment complex.

"Over the next 24 months, the community will see that intersection developed out quite a bit," said developer Robert Buchalter, who owns the property.

The development is across New Watermelon Road from The Shops of Lake Tuscaloosa, an-



STAFF PHOTO/DAN LOPEZ

A CVS Pharmacy is preparing to open at Commons North, a 50-acre development at Rice Mine Road and New Watermelon Road.

other new retail development anchored by a Publix supermarket. A new CVS pharmacy, which is set to open within the next two weeks, is the only existing business on the Commons North

site. But that will change rapidly.

Construction on the high-end apartment complex, which will anchor the development, will begin by the end of March, said Bill Trick of Ellis-Trick Properties.

And construction of a Buddy's Food Mart and Regions Bank branch will likely begin within the next several months.

Several retail spaces remain unsold. Buchalter said those would likely be filled by one casual dining restaurant and two fast-food establishments.

"It's important that we attract some food services to that development and that part of town," he said. Buchalter declined to identify the restaurants because he is still negotiating with them.

The apartment complex, being built jointly by Ellis-Trick and Buchalter, will have a lodge-style club house, pool and fitness center, and the third floor will have loft apartments.

"It's going to be a very upscale, multifamily development,"

Buchalter said.

The first 72 units are scheduled to be finished by September and the remaining units by March 1, 2006.

Buchalter said the Old Colony Road extension, which will connect New Watermelon and Rice Mine roads to Watermelon Road near Sokol Park, will facilitate growth north of the Black Warrior River. That project will be completed within about two years.

The nearby Paul W. Bryant Black Warrior Bridge, which links north Tuscaloosa with Holt and east Tuscaloosa, opened last year.

The current population within three miles of the New Watermelon Road and Rice Mine Road intersection is approximately 19,600 and is expected to increase by another 1,000 within two years.

Reach Steve Reeves at steve.reeves@tuscaloosaneews.com or 722-0211.

Ex-CFO says Scruschy continued fraud because he feared lawsuits

The Associated Press

BIRMINGHAM | Confronted with sagging revenues, then-CEO Richard Scruschy repeatedly refused to report lower HealthSouth Corp. earnings and continued a fraud for fear of shareholder lawsuits, a former finance executive testified Tuesday.

Mike Martin, the third former chief financial officer to tie Scruschy to a massive conspiracy, said Scruschy insisted on artificially inflated earnings in 1998 because he and Martin had sold millions in stock and he didn't want to get sued if stock prices fell.

"Every time I would push to lower expectations, I'd get slapped back and he'd say, 'We can't, we sold stock last year,'" said Martin, who pleaded guilty in the scam.

Scruschy finally agreed to lower the company's earnings expectations and came up with a story to hide the change, Martin said, but only after the window for shareholder suits had closed.

Prosecutors claim Scruschy was behind a conspiracy to overstate HealthSouth earnings by some \$2.7 billion from 1996 through 2002, getting rich off salary, bonuses and stock sales as stock prices remained artificially high.

The defense argues that Martin and other former executives who pleaded guilty pulled off the fraud on their own in a bid to earn promotions and make more money.

Scruschy, HealthSouth's primary founder, knew all about the fraud and told underlings, "You know what to do" when the rehabilitation chain failed to meet Wall Street expectations by 16 cents a share in early 1998, Martin testified.

Martin described his personal anguish when assistant controller Ken Livesay called him a few months later to report that HealthSouth was actually losing money, something that hadn't happened before.

"I realized I was in way over my head at that point," said Martin. "I remember sitting there with my head in my hands after I got off the phone with Ken thinking, 'Dear God, how am I going to get out of this?'"

Seated a few feet from Scruschy, Martin glanced around the courtroom and occasionally stared at the ceiling as he testified.

Jurors at first appeared to pay close attention to Martin, who has a reputation for a bad temper and seemed to chafe at times under friendly questioning from prosecutor Richard Smith. Previous testimony showed Martin punched a co-worker who quit HealthSouth rather than get involved in the fraud.

But testimony slowed to a crawl as Smith had Martin go through financial statements and budget documents for 1999, explaining how HealthSouth's "re-

Martin described Scruschy as being heavily involved in corporate finances.

al" numbers showed the company earning 56 cents a share after Scruschy had promised analysts as much as \$1.29 per share.

Martin described Scruschy as being heavily involved in corporate finances, undercutting defense claims that Scruschy was unaware of the fraud.

Scruschy was familiar enough with the company's operations to discuss the performance of individual HealthSouth facilities at executive meetings, according to Martin. He also approved all the company's earnings statements before they were made public, said Martin.

"He would make changes. He would edit it," said Martin. With HealthSouth about \$71

million short of projected revenues at one point, Martin testified he told Scruschy the company either had to make a large acquisition or lower its earnings guidance to Wall Street.

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