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BUSINESS NEWS ESSENTIAL TO BOSTON'S LEADERS.

THIS WEEK

BRACING FOR PAIN

One component of the recent health overhaul is a new tax on the sale of medical devices. For Massachusetts companies like Covidien, that could hurt. A lot. **News** 3



NOT SO FAST

Frank Bruno and other small-business owners say if the recession is indeed over, their bottom lines have yet to reflect the improvement. **News** 8

STOCK NEWS

Our weekly look at local stocks that have been on the move and in the news. **BBJ Daily** 14



WORK AHEAD

Property owners and their brokers in the 495 North real estate market know it will take a long time and a lot of work to drive down the region's high commercial vacancy rates. **Real Estate** 15

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Trynka Shineman, a veteran at Vistaprint, talks about the responsibilities that await her as president of the company's North America business. **In Person** 20

Citi takes a big hit on Mass. portfolio's debt

By Craig M. Douglas
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\$440M A source inside Citigroup confirmed this week that Citi sold its share of a portfolio's \$440 million debt load to a unit of Oaktree Capital Management, resulting in a \$100M-plus loss for Citi.

Property owners aren't the only ones running for shelter in Greater Boston's staggered commercial real estate sector. In this market, the sky is falling on just about everyone.

Case in point: **Citigroup**, one of Wall Street's poster children for the loose lending practices that inflated the past decade's real

estate bubble. Sources close to the company confirmed this week that the banking titan recently coordinated a hasty — and costly —

exit from a loan backing industrial properties from New Hampshire to Texas. A disproportionate share of those assets are in Massachusetts.

The reason for Citi's exit was not confirmed. However, its need for cash has been well documented since the credit markets imploded in late 2008. Nonetheless, a source

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Back from the brink

Franklin Park and Stone zoos expand board — and fundraising power — to offset cuts

\$30M

Zoo New England's strategic plan includes pursuing corporate partnerships, increasing sources of earned revenue and leveraging a \$30 million bond previously approved by the state Legislature. At right is Little Joe at his Franklin Park home.



W. MARC BERNSAU / BUSINESS JOURNAL

By Mary Moore
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Rebounding from threatened closure a year and a half ago, **Zoo New England** is putting the finishing touches on a strategy that aims to significantly cut the organization's reliance on the state and build its base of private donors. A central piece of the strategic effort includes revamping the organization's board of directors — in essence,

doubling the size of the board with directors no longer appointed exclusively by the governor and who have strong philanthropic ties.

The plan also includes pursuing corporate partnerships, increasing sources of earned revenue and leveraging a \$30 million bond previously approved by the state Legislature.

State funding currently comprises about half the budget for Zoo New England, which operates the Franklin Park and Stone zoos.

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RECESSION:

Over, but not for many small businesses

By Keith Regan

Special to the Journal

According to the data, the economic recession that began in 2008 ended in Massachusetts a year ago. But many local small-business owners tell a different tale, with some still experiencing challenging market conditions and uncertain futures as 2011 gets set to begin.

Even business owners who have seen growth during the recession remain concerned.

"I think it's going to get worse before it gets better," said Frank Bruno, the owner of **Boston Winery**

THERE IS A BETTER FEEL OUT THERE. I'D SAY THE RECESSION IS OVER, BUT ...

NANCY MOBLEY

CEO of Insight

Performance

Bruno believes the keys to whether recovery takes root lie in the hands of political power brokers. "As a government we just keep spending," he said. "Politicians don't have a clue about meeting payroll at the end of each week and month. It's a shame, but I think the bubble hasn't finished bursting yet."

"I do not believe the recession is over," said Wayne Lawson, a principal at **CBI Consulting Inc.**, a Boston-based architecture and engineering shop. "Unemployment is still at or above 9 percent. Commercial vacancy rates remain high with no sign of improvement in sight. Much of the architectural and engineering as well as construction work is still founded in the public sector with a greater number of firms in competition for these projects."

Roy Solomon, a principal at **Amity Insurance Agency** in Quincy, stated, "The

customers pay \$4,500 or more to make their own barrels of wine. Bruno's business has grown steadily in the past five years while the **Venezia Restaurant** next door, now run by his children, has seen sales fall about 10 percent, he said.

Bruno believes the keys to whether recovery takes root lie in the hands of political



Boston Winery owner Frank Bruno has seen his Dorchester-based business grow steadily in a down economy, but he said he believes the "bubble hasn't finished bursting yet."

recession is far from over."

Solomon, whose 32-year-old firm works with scores of small businesses in a number of industries, said he only now growth has returned in earnest when "the banks come calling asking if we have any upcoming projects that need funding. That's quite different, to say the least, from the current climate."

While Michael McMahon, president of **Hill & Partners**, a Quincy trade show and exhibit design firm, also believes the recession is not over, he is more optimistic about 2011.

"We are seeing a more productive business climate, where customers and pros-

pects are actively executing on plans to support their brands in the current economic climate," he said. The firm has recently seen an increase in requests for proposals, along with what he called more "real planning where decision makers are on board."

"We're finding people who are back to doing their jobs versus simply trying to keep them," he added. "Great things happen when people start to believe things can get better."

Jared Franklin, CEO of **Chase Technology Consultants**, a Boston-based technology staffing firm, said businesses that rely on government contracts may

have harder days ahead as budgets continue to shrink, but said several key parts of the economy could lead the charge toward recovery.

As a result, "Whether the recession is over depends on who you are asking," he said. Health care, technology and firms that help businesses maximize their human resource talent may be the first to feel a recovery is here to stay, he added.

Jim Moniz, president of **Northeast Wealth Management** in Braintree, said the recession has been over for a while, but it may not feel like it for many businesses and individuals because unemployment will likely remain high for some time to come.

The biggest threats to recovery continuing, he said, include uncertainty over policy directions. "We finally know what the tax code will be but did not until recently," he said. "Many business owners are struggling with the implications of what the health care reform will mean to their businesses and their bottom line. Overregulation, particularly over-regulation that is underexplained, can take an entrepreneur into bureaucracy and that will stifle growth."

"There is a better feel out there," said Nancy Mobley, CEO of **Insight Performance**, a strategic human resources consulting firm based in Dedham. "I'd say the recession is over, but ..."

That qualifier includes uncertainty about how Washington, D.C., will affect the economy and particularly small businesses, with the impact of tax breaks, health care costs and regulation all weighing on entrepreneurs, said Mobley, whose firm recently partnered with the Small Business Association of New England (SBANE) on a survey of some 800 small-business owners.

While data is still being assembled, the upshot of the survey so far appears to be that among small businesses in the region, "there is a lot of pent-up demand," Mobley said. Opportunities await the return of credit, cash and confidence. "People very badly want to do business with each other."

STORY UPDATE

Novelos looks for lifeline following failure of a cancer drug

By Julie M. Donnelly

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A year ago, **Novelos Therapeutics Inc.** looked like a penny stock biotech that was going to make it big; now the Newton company is in survival mode.

In January 2010, analysts were convinced that Novelos' lung cancer trial data was delayed because patients lived longer than expected. Investors bid up the stock (OTC: NVLT) to a high of \$2.94 on Jan. 4, 2010, up from 76 cents on Dec. 10, 2009.

But about six weeks later, the company announced the drug candidate did not meet its goal of extending survival to 12.5 months, from an average of 9.8 months usually observed in the control group, or 25 percent. Company

officials said the longer-than-expected trial was actually due to the fact that the control group had lived longer than expected — not, as analysts thought, that the patients taking the experimental Novelos treatment lived longer. Since then, the company has struggled to raise money and to advance its drug portfolio. Its stock closed at 4 cents on Jan 25.

"All the existing programs are off the table — failures," said Elemer Piros, an analyst at New York-based investment bank **Rodman and Renshaw**. "They would only survive, if they can bring in a program from the outside that they can finance during the next three months. Else the stock goes to zero."

Novelos CEO Harry Palmin declined to be interviewed for this article, but wrote in an e-mail, "I am working hard

on our publicly stated strategic objective of acquiring additional cancer compounds and financing them." Last month the company announced positive data from a Phase 2 trial of the same drug candidate, called NOV-002, against breast cancer. But the trial only enrolled 41 breast cancer patients and did not include a control group. Analysts say this is not a rigorous enough trial design to show "proof of concept," particularly in a compound that has been tainted by a major failure in another cancer indication.

In documents filed with the U.S. **Securities and Exchange Commission** in September, company officials wrote, "If we are unable to obtain new funding, we would begin to wind down operations in March 2011." On Sept. 30, the company reported that it had cash on hand of approximately \$3.4 million.