

Use Someone
Else's Money



See Page 23

Business Edge

News Magazine



MANITOBA/SASKATCHEWAN

OCTOBER 27, 2006 – VOL. 2, NO. 22

NEWSSTAND \$2

Money laundering labelled federal blight

By Monte Stewart
Business Edge

Canada calls for a stronger international response

Canada is calling for governments around the world to share more information on company ownership as part of an international battle against money laundering and terrorist financing.

“The fight against money laundering and terrorist financ-

ing is one that we must win,” federal Finance Minister Jim Flaherty told a recent Financial Action Task Force (FATF) plenary session in Vancouver. “We must stay one step ahead of criminals by continuing to develop ways to defeat them, wherever they operate.”

Based at the Organization for

Economic and Co-operative Development (OECD) headquarters in Paris, FATF is an international body that combats money laundering and terrorist financing. Canada is one of 33 FATF member countries.

According to a Financial Transactions and Reports

Analysis Centre of Canada (FINTRAC) report, Canadian money-laundering activity hit the \$5 billion level last year – double the 2004 total.

“That’s why it’s so important that we exercise diligence, not only through our legislation but also through FINTRAC through the sharing of intelli-

gence information with all the nations that participate in the Financial Action Task Force through the work that we do in the G-7,” Flaherty told reporters after his speech.

Earlier this month, the federal Conservatives introduced tougher money-laundering legislation, which Flaherty expects to pass through Parliament this fall.

Flaherty said proposed amendments to the Proceeds of Crime and Terrorist Financing Act will significantly strengthen Canada’s money-laundering and terror-financing laws.

The bill, which the minority government may have difficulty passing if the Liberals, Bloc Quebecois and NDP raise concerns about privacy, calls for an administrative monetary penalty system for individuals and businesses that do not comply.

It also brings money-service businesses that wire money or issue travellers cheques under FINTRAC’s control, strengthens know-your-customer rules, requires banks, insurance companies, securities dealers and money-service businesses to identify and monitor the transactions of prominent foreign nationals and their families, and demands the reporting of suspicious transactions.

See CHANGES Page 3

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FRAUD ALERT



Larry MacDougal, Business Edge

Homebuyers warned about mortgage scams

Forensic accountant Jennifer Fiddian-Green faced a legal battle to clear her name when she was the victim of a double mortgage fraud. Investigators across the country are struggling to handle the growing number of cases. (See Page 16).



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INSIDE EDGE

■ 20 QUESTIONS

Angus Reid has been through the polling wars and now the veteran returns to the game he loves with a new venture.

Page 6

■ FINANCIAL EDGE

Jean-Francois Tardif of Sprott Asset Management likes the infrastructure theme across Canada.

Page 12

■ STREET LIFE

BCE's move to convert Bell Canada's phone business into an income trust has rattled investors.

Page 14

■ REAL ESTATE EDGE

Mortgage fraud has become a national epidemic costing millions of dollars.

Page 16

■ WEB PRESENCE

Achieving a presence in foreign markets requires

expertise and an understanding of Internet search engines.

Page 17

■ EDGE@WORK

Canadians need to change the way they look at career development in a global economy.

Page 18

■ OPINION

The federal Conservatives have run into a regional landmine over emissions standards, says columnist D'Arcy Jenish.

Page 20

■ FINANCIAL OPINION

Departing columnist Gyle Konotopetz looks back on six years with the *Business Edge*.

Page 20

■ TECHNOLOGY EDGE

Telus wants to shed some light on the value of information technology projects by charting their business value.

Page 22

Maple Leaf scraps pork plant

The Canadian Press

Maple Leaf Foods has cancelled plans to build a new \$110-million pork processing plant in Saskatoon and will wind down operations at an existing plant over the next three years, as part of a major restructuring plan.

The Toronto-based food processor made the move after reporting it would book charges of \$80-\$120 million over three years to rework its meat products and agribusiness operations and back out of the international fresh pork market.

The company estimates it has up to 2,500 employees in its fresh pork operations and another 1,200 in its feed business. Maple Leaf said some of

its workers will stay with the company, while others will move along with the sale of their businesses.

The restructuring comes as Maple Leaf (TSX:MFI) grapples with the impact of the high Canadian dollar on its exports, which directly affect the company's fresh pork sales to more than 65 countries.

As the loonie rises against foreign currencies, the price of pork shipped by Maple Leaf from Canada rises in export markets, making the meat less competitive against rival local suppliers.

Maple Leaf plans to turn over the property at its existing Saskatoon pork processing plant to the city by September 2009.

Operations of the plant,

which was acquired as part of an earlier takeover of Schneider Corp. of Kitchener, Ont., will remain in the province.

The announcement comes as a major blow to the Saskatoon economy where the new plant was expected to employ 350 people and replace the old operation, which currently employs about 450.

Saskatchewan Industry Minister Eric Cline said it's disappointing that a new plant won't be built but added that Maple Leaf has also announced it will expand some distribution in Saskatoon and do some additional value-added meat processing.

Maple Leaf Foods employs more than 1,700 people in Saskatchewan.

Frantic, Momentum live up to their names

Business Edge

Two Manitoba companies have been recognized among North America's fastest-growing technology companies on the 2006 Deloitte Technology Fast 500 list.

Rankings are based on five-year average revenue growth (2001-2005).

Making this year's Fast 500 at No. 235 is Frantic Films Corporation, Winnipeg, 652 per cent growth; and at No. 454, Momentum Healthcare, Inc., Winnipeg, 249 per cent growth.

Nationally, Canada boasts 50 per cent of the top 10-ranked companies. This is the first time since the Fast 500 program's inception nine years ago that Canada has half the Top 10 ranking.

Overall, 56 Canadian companies rank among the 500 compared to 53 companies in 2005.

"Canada is now the second-largest tech hub, following the Silicon Valley," says John Ruffolo, national leader for Deloitte's technology, media and telecommunication practice.

"Canada's competitive advantage is partly attributable to its loyal and highly skilled workforce, attractive tax incentives encouraging R&D, and is supported by longer-serving management teams.

"Canadian companies boast the highest revenue growth, playing in the world's largest and most competitive market arena."

Ontario has the highest number of companies on the Fast 500 with 21 winners - 13 in the Greater Toronto Area, five in Ottawa and three in Southwestern Ontario.

COMING EVENTS

■ **Leader of the Opposition** (Nov. 1, 11:30 a.m.) - **Brad Wall** speaks on the role of government in the economy.

Location: Ramada Hotel, 1818 Victoria Ave., Regina. Cost: Regina Chamber of Commerce members \$30/\$35, non-members \$45/\$50.

For info or to register go to www.reginachamber.com

■ **State of the Province**

(Nov. 6, 11:30 a.m.) - Guest speaker: Premier **Lorne Calvert**. Location: Radisson Hotel, 2125 Victoria Ave. Cost: Regina Chamber of Commerce members \$30/\$35, non-members \$45/\$50. For info or to register go to www.reginachamber.com

■ **Wake Up Winnipeg Breakfast** (Nov. 8, 7:30 - 8:45 a.m.) - Guest speaker:

Hannah Taylor of the Ladybug Foundation. Location: Norwood Hotel, 112 Marion St. Cost: Winnipeg chamber members \$24, others \$32. For more information or to register, go to www.winnipeg-chamber.com

(E-mail your events at least two weeks before publication date to murdoch@businessedge.ca.)



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CHANGES from Page 1

'Dirty money' has big impact on economy

The Tories are also attempting to limit the amount of cash lawyers can receive from their clients. Flaherty said Ottawa will review the situation to see if legislative changes are necessary.

Most provincial law societies are restricting clients' cash transactions to their lawyers to \$7,500.

"They're prepared to voluntarily act, and we'll see how that goes," said Flaherty.

During his speech, he vowed Canada "will put these criminals out of business every chance we get."

While removing \$5 billion in laundered money would likely affect the Canadian economy, Flaherty was unapologetic.

"Illegal money is illegal money," he said. "Dirty money is dirty money."

However, little public insight was offered on money laundering in Canada – or elsewhere. The four-day session was only open to reporters during Flaherty's speech on the first day and a wrap-up news conference on the final day.

On both occasions, reporters were ushered in and out of the downtown hotel's conference area by security guards.

The plenary was held as part of a tradition that calls for FATF to meet in the home country of its annual president. Frank Swedlove, a retired federal Finance Department official, holds the presidency until next spring.

Swedlove refused to take any questions on money laundering in Canada. Helen Fisher, an OECD spokeswoman, said Swedlove was speaking from his international position during the wrap-up news conference.

"He's obviously a Canadian,

QUOTE . . .

“Any of these money-laundering cases that you read about in the newspaper, look for the corporate vehicle – it's there.”

– Vincent Schmoll, secretariat of the Financial Action Task Force

but he's not here to respond to any Canadian-related questions," she advised reporters.

Swedlove and other FATF officials indicated the international body will pay closer attention to "corporate vehicles" – essentially ownership structures – and transactions involving trusts.

Plenary participants received a report, to be made public in coming weeks, that found company multi-layered ownership structures were misused for money laundering and terrorist financing purposes.

The report concludes that the misuse can be reduced if governments have access to information about the "beneficial owner" of a company, its source of assets and business objectives.

Vincent Schmoll, the FATF's secretariat, said practically every money-laundering scheme involves a corporate scheme or trust. Many corporations set up in jurisdictions where authorities can't determine the owner.

Differences in the common-law model practised in Canada and the U.S. and civil-law systems practised in France and other European countries also pose difficulties.

"Any of these money-laundering cases that you read about in the newspaper, look for the corporate vehicle – it's there," said Schmoll.

Another FATF report found new payment technologies, such as prepaid cards and Internet payment systems, are becoming increasingly vulnerable to money laundering and terrorist financing. Schmoll said the FATF previously looked at them, but did not consider them a concern because there was insufficient market demand for them. "Now, we see they're coming up again," he said.

He said FATF would be concerned if general-purpose cards could be used anywhere, because money can be transferred to an "electric purse" without going through a financial institution, and cards can easily be exchanged across borders.

Schmoll declined to estimate how much money is laundered globally, adding it's difficult to say if the illegal activity is more of a problem in one country than another country.

Alain Damais, the FATF's executive secretary, said the different corporate vehicles make it difficult to determine how much money is laundered globally. But FATF has a good

grasp of corporate vehicles, he added, and is stepping up deterrence methods.

"Clearly, it's an ongoing battle – one we'll never stamp out," said Damais.

But FATF was able to report some progress after its session. Swedlove announced that Myanmar (formerly known as Burma) has been removed from the list of countries and territories not co-operating with FATF standards. Myanmar was the last of 23 countries placed on the list in 2000 and 2001.

"It's a very extensive process to review countries that are on the list," said Swedlove.

Countries that were previously on the non-co-operative list include the Bahamas, Cayman Islands, Cook Islands, Dominica, Egypt, Nigeria, Russia and Ukraine.

FATF will monitor Myanmar throughout the year for signs of further progress, paying particular attention to its securities, diamond and precious metals industries.

FATF adopted reports assessing Portugal and Iceland's anti-money laundering and anti-terrorist financing systems for compliance with global standards.

China, an official observer in Vancouver, has also moved closer to FATF membership. South Korea served as an official observer at a FATF event for the first time.

FATF is also preparing reports on money laundering and terrorist financing in real estate, value-added tax fraud and drug trafficking.

(Monte Stewart can be reached at monte@businessedge.ca)

Time a luxury for small business

Business Edge

Having the time to plan ahead is a luxury for small-business owners, according to an RBC survey.

Also falling by the wayside is an ideal work/home life balance, says the 2006 RBC Small Business Survey.

"The findings in this year's survey shed light on the day-to-day challenges small-business owners face in trying to manage their business, plan for growth and maintain an acceptable level of work/home life balance," notes Kristina Depencier, national manager of small business for RBC.

"Many small-business owners are looking for ways to better

manage their day-to-day workload, to give them more time to focus on other priorities, both at work and in their personal lives."

When asked how well they felt they are balancing work and home life, for example, 61 per cent indicated that there was room for improvement, with only 39 per cent stating they were balancing work and home "very well."

The top five pieces of advice small-business owners have for other business people seeking a better work/home life balance:

1. Take time for yourself and your family.
2. Set clear boundaries between work and home.
3. Put your family and home life first.

4. Set realistic business goals and benchmarks.

5. Efficiently manage your time at work.

"Regardless of the stage their business is at, or the long-term plans they have in mind, small-business owners struggle with time management," adds Depencier.

The survey found that if more efficient time management freed up even one extra hour a day for owners, 58 per cent of Canadian small-business owners would most likely spend that hour as "personal time" – with their spouse or family (32 per cent), for relaxation or "down time" (16 per cent), or catching up on personal-related matters (10 per cent).

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Canadian spinach growers step up to plate

By Laura Severs
Business Edge

Canadian spinach is muscling in on produce shelves across the country.

But any additional market share gains are expected to scale back once its American counterpart returns following a recent recall of tainted product from California.

Approximately 704 hectares of spinach are grown in Canada, including spinach destined for the fresh, frozen and processed markets, with Ontario and Quebec producing the majority of the leafy green.

"We were quite lucky it was our growing season in Canada," says Heather Holland, senior technical manager for food safety and government relations with the Ottawa-based Canadian Produce Marketing Association (CPMA), a not-for-profit organization representing more than 600 companies. "It wasn't as large of an impact (as it would have been) when we don't grow spinach in the winter."

Even as U.S. fresh spinach – found in bagged salads, bagged salad blends and in bulk – was removed, total spinach sales still dropped dramatically during the first week of the recall.

"Just because of the shock to the consumers, the first week when the story broke there was a decrease of 70 per cent in the sales of spinach. Over the next couple of weeks it got back up to a nearly normal level," says Holland.

Following an outbreak of E. coli in multiple U.S. states that was linked to the consumption of California-grown spinach, consumers in the U.S. and Canada were warned not to eat the greens. The U.S. Food and Drug Administration (USFDA) says most healthy adults can recover completely within a week from this strain of E.coli, but others, particularly young children and the elderly, can develop a form of kidney failure called hemolytic uremic syndrome, a condition that can lead to serious kidney damage and even death.

Samples of cattle feces near

QUOTE . . .

"Just because of the shock to the consumers, the first week when the story broke there was a decrease of 70 per cent in the sales of spinach."

– Heather Holland, of the
Canadian Produce Marketing Association

one of the growing areas in California have tested positive for the bacteria, and investigators have narrowed the contamination area to fields on four nearby ranches. Those fields are not currently being used to grow any fresh produce.

So far, 199 cases of illness due to the E.coli infection have been reported to the U.S. Centers for Disease Control, and three Americans have died. One case has been reported on this side of the border.

Even though Canada produces a healthy crop of its own, it imported about \$27 million worth of fresh, frozen and processed spinach between January and July of this year, or about 12 million kilograms.

"We have a limited growing season so by necessity, and to really ensure that there is a diversity of product and the quantity consumers need for a healthy diet, we have to import," says Holland.

In St. Albert, Alta., organic farmer Eric Chen grows spinach for about six to seven months of the year and as late as Christmas. Chen says what happened in California is likely due to flooding, which washes the E. coli downstream and swamps crops.

"E. coli stays in the soil and grows up in the roots of a plant. Crops like spinach, lettuce and all the other leafy plants are susceptible to this type of infestation," says Chen, owner and operator of Peas on Earth Organic Garden, a certified organic operation he runs just outside of Edmonton's northern boundary.

Even though Chen's farm is next to a neighbour who has

cattle, he is careful not to let the cattle onto his field, nor is there any runoff.

"We generally like to irrigate with city water, it's clean and even though the chlorine in water is not the best, it's better than taking a chance on dugout water," says Chen, referring to water drained from his own field and held in a catch basin. "We don't use it on our produce. It's used as a pond for esthetic purposes. We wouldn't use it for a sensitive crop like spinach."

While Chen tries to increase production marginally every

year as part of a growing business, he doesn't expect to alter his plans much as far as growing additional spinach is concerned. "We're seeing new customers (because of the spinach recall from the States) and that's giving local producers more of a chance," he says.

"There's definitely a little more demand. We see some people switching over to local producers. Some will question us on how we grow it. Some are concerned enough that they won't use spinach at all. In general, over the last few weeks, we find we have more of a demand for our spinach – as high as 20 per cent more demand."

But while he expects those numbers to stay that way for awhile, he believes sales will return to normal levels once the situation across the border returns to normal.

In B.C., Tom Demma, general manager of the B.C. Vegetable Marketing Commission, says that it's too soon to tell if the recall will affect buying patterns in the longer term and mean more business for local growers.

"There's always the opportunity for import substitution. We encourage that to the fullest extent, it's good for our sector here," says Demma.

"With the lack of spinach here over the last little while, people had to find another substitute, but they make those decisions on an individual basis – hopefully that would be to buy other B.C. products," he says.

Meanwhile, the CPMA is concerned that there may soon be a spinach shortage on this side of the border as the Canadian growing season winds down. The border remains closed to fresh U.S. spinach. The association notes the USFDA says the public can be confident that spinach grown in non-implicated areas can be consumed.

Holland says the association works hard to implement food safety programs. "We're never complacent about food safety. We're always implementing new protocols, learning from new science. It's not something that is ever static."

(Laura Severs can be reached at laura@businessedge.ca)

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Advertising Feature

Succumb to the lure of paradise at Sooke Harbour Resort & Marina

Your recreational real estate dreams have just become affordable

For 20 years, Tim Tourond spent long days toiling in Calgary's oilpatch.

Whenever he could manage a week off, he and his pals would bolt for the deep-water sport fishing grounds off Canada's rugged northwest coast. Upon their return, Tourond generally passed his remaining leisure hours day-dreaming of achieving his personal goal: To build an all-purpose holiday and fishing resort in God's country.

Since retired from the energy business, Tourond is now president of Sooke Harbour Resort & Marina, a short drive west of beautiful Victoria, B.C. He's one of those rare and lucky guys who's living his dream. Now he wants to help you to create your own.

With quarter ownership units starting at the remarkably low price of \$134,900, Sooke Harbour Resort & Marina beckons to everyone who yearns for a whiff of refreshing salt air in their nostrils, as well as the tug of a prize-winning salmon on a stout fishing line.

As Tourond is fond of telling his eager customers: "The lure of the ocean is irresistible. But there's no need to resist any longer."

That's not all, of course. The southwest coast of Vancouver Island is a paradise for whale-watchers, shellfish enthusiasts, hikers, cyclists, sunbathers and nature lovers of every stripe. And it offers a taste of the finest urban living has to offer.

Few would dispute Victoria's status as Canada's most beautiful city – an oasis of superb dining, world-class entertainment and terrific shopping, not to mention the eye-popping Butchart Gardens.

"There's really something for everybody in Sooke," enthuses Tourond. "If dad wants to go fishing, some of the finest salmon and halibut grounds in the world are seven minutes away from the marina. But if mom and the kids want to hit the shops, Victoria's only a hop and a skip away."

Sooke's arena, pool and leisure complex, its historic museum, golf course, marinas, wonderful parks, beaches, historical sites, skateboard park and outdoor sports facilities are



Sooke Harbour Resort & Marina has something for everyone and is easily accessible.

all within five minutes by car.

World famous for its state-of-the-art hiking and biking trails, it is a few minutes drive from the Galloping Goose Trail, Whiffin Spit, the Sooke Potholes and the incredible Juan de Fuca Marine Trail – not to mention the internationally renowned Sooke Harbour House Restaurant.

Within a few minutes of your door you will find Bear Mountain Golf and Country Club, featuring a world-class Jack and Steve Nicklaus Mountain course. Olympic View Golf club is a 20-minute drive from Sooke. It offers expansive views of surrounding landscape including the Pacific Ocean and Washington State's Olympic Mountains.

Extremely popular salmon and halibut fishing charters, whale-watching excursions, guided eco-tour adventures, horseback riding, kayaking, mountain biking, crabbing, etc. and equipment rentals are all available locally, too!

Sooke offers many annual activities and events, year round – the Sooke Fine Arts Show, Art in the Park, the Bluegrass Festival, Sooke Philharmonic Orchestra's "Fling on the Flats," to name just a few.

Sooke Harbour Resort is also situated on the bus route for day trips to Victoria and all the fabulous shopping, fine dining, attractions, events and venues that the capital city has to offer.

A lifelong fisherman, Tourond spent years travelling to remote and rustic vacation spots such as the

Queen Charlotte Islands to indulge his love of angling. He generally had a great time.

However, he and his pals spent hours each day, sailing out to the prime fishing areas. They also paid out major money for the help of expert guides. And then they returned to the fishing camp and sacked out on a makeshift cot.

But you don't need a guide to fish out of Sooke Harbour Resort & Marina, although top-shelf professionals in the vicinity are happy to lend a hand as needed. And when you return home from an enjoyable open-air outing, you'll be welcomed by two- and three-bedroom luxury accommodation of the most exquisite kind. Soak in the hot tub and store your catch in the resort's large freezers, designed expressly for the purpose.

Terms of ownership are simple. You're welcome to buy one of these 34 luxury units outright. Or you're free to purchase quarter ownership, which entitles you to use the property three months a year.

And when you're back at work, you and your fellow owners are free to participate in the optional Sooke Harbour rental pool. That way your unit will make money for you while you're away.

To clarify, this is not a time-share purchase opportunity. Sooke Harbour Resort & Marina offers you full pride of ownership on a trouble-free basis. Your recreational investment property is deeded and titled

in your name. Nor is it a lease. It will never expire. "You buy the piece you're going to use and only the time that you plan to use it," explains Tourond. "You own it. It's yours and you retain the right to sell it or to pass it along to future generations."

Most of these immaculately turned out condo units come with a jaw-dropping view. Meanwhile, boaters and confirmed fishermen will love the marina component at Sooke Harbour Resort & Marina.

Purchasers step straight to the head of the queue for moorage rights at the marina, a privilege that's extremely difficult to come by in Canada's sport fishing mecca.

"Each of our owners is to be granted priority for a marina slip. That's quite a selling point," agrees Tourond.

Accessibility is another point in this development's favour. Numerous air carriers make regular flights to Victoria from most major Western Canadian cities. Then it's off to Sooke in a comfortable 45 minutes.

Then, once you're at the marina, you're less than 10 minutes by boat from the most fertile fishing waters on the West Coast – chinook, coho and winter spring salmon are plentiful in these regions. Other prime fishing locales can be reached within 15 minutes.

For information, visit the website: www.sookeharbourmarina.ca. Then send an e-mail to

20 QUESTIONS

Survey says? Pollster set for new challenge

By Gyle Konotopetz
Business Edge

It's not easy keeping a thoroughbred in the stable. And it's the same with the veteran campaigner Angus Reid.

Reid, whose name is synonymous with market research and polling, has been offtrack and out of the public spotlight in recent years as his activities have been restricted by a non-compete agreement from the sale of Angus Reid Group to Paris-based Ipsos SA six years ago.

However, Reid is now free to return to the game he loves and the 58-year-old is champing at the bit with his new venture, Angus Reid Strategies.

Although technology has dramatically changed the game since Reid last toiled in the market research and polling industry, the CEO of Angus Reid Strategies and its affiliate, Vision Critical, is gearing up for the new era in market research and bent on carving out his niche in web-based research.

Judging by Reid's stellar track record in the industry, it may be unwise to bet against his comeback bid to take the online market research space by storm.



Bayne Stanley, Business Edge

Angus Reid is jumping back in the market research and polling arena with the launch of Angus Reid Strategies.

1. What was your boyhood dream?

"It was to play professional baseball. I never realized that dream, unfortunately. But I was always very mathematical. I liked mathematics and the idea of doing something in mathematics was appealing to me."

2. Why did you study sociology in university?

"There was a sense back in the '60s that maybe this was a science and a discipline that was going to help you understand how to make the world a better place. There was a little bit of idealism. I don't know if it was misplaced or not. That's where I really learned the art and the science of survey research that I've ended up applying through most of my career."

3. What motivated you to get into the market-research business?

"I was in Winnipeg teaching at the University of Manitoba and I saw a lot of people servicing market research out of Toronto. There really wasn't any market research industry in Western Canada and I thought we really needed something. So I took an unpaid leave of absence from the university back in '79 and started this little company originally called CanWest Survey Research. We quickly developed operations in Winnipeg, Calgary and Vancouver, and our claim to fame was that we were going to service Western Canada with this little business. That's how the whole thing began."

4. Were the early years a struggle?

"Yeah. I didn't have any startup capital. Everyone laughed at me

because they thought that if you weren't in Toronto, you couldn't be successful in market research. The industry was heavily focused on Toronto. People actually really laughed that I was based in Winnipeg. Also, my level of business know-how at the time was somewhat limited, to say the least. So all of those factors coincided to make the first few years an interesting struggle as I learned how to run a business, do marketing and all of the other things that are core elements of a successful business."

5. One of your early clients was former prime minister John Turner when he was running for the Liberal leadership in 1984. What was he like to work with?

"I never really got to know John Turner all that well. He couldn't decide whether he wanted to have a new team around him or whether he wanted to have the old Pierre Trudeau (Liberal) team around him. So as a result, even though I was his pollster, the guy that was the previous pollster to Trudeau, a guy named Martin Goldfarb, was also around a lot. So it was very hard to get (Turner) to make a decision on anything. He was a very indecisive guy and that was a little frustrating."

6. What was the foundation of your success in building the Angus Reid brand?

"No. 1, we owned the entire research toolbox. We had our own call centres in Winnipeg and then subsequently in Edmonton. We could do our own work. We didn't have to sub-contract things out. It'd be like a

magazine owning its own printing presses. It gave us a lot of flexibility. No. 2, we had very good talent that we developed over the years. And, No. 3, we were lucky in that we were able to develop a strong brand name. It was not so much as a result of the Turner involvement, but after '84 I decided that we didn't really want to do any more political work. Instead, we decided to work with the media. We developed relationships with Southam (news service) and then later with the *Globe and Mail* and CTV. Those relationships put us in very good shape with respect to having a well-known brand in Canada."

7. Why did you sell your company (Angus Reid Group) in 2000?

"To be very crass about it, these people (Paris-based Ipsos SA) offered us an awful lot of money. I mean, they offered us almost \$100 million and it was a very good price. We had developed strong operations across North America. I was interested in globalization and developing some joint ventures or some operations in Europe, so I met these people with Ipsos. They actually didn't want to do a joint venture, they wanted to buy us. So they made us an offer we couldn't refuse and I guess the rest is history. I wasn't looking to sell the company. I'm glad I did it at the time. I ended up doing this long-term non-compete (agreement), which I didn't have to do this long. But I thought I'd end up working with these guys for a lot longer than what turned out to be the case. Anyway, the industry has shifted gears and I'm

very clearly now into the new part of the industry (online research). I would do the deal again and I think that I was ready for a bit of a break. Now, I'm ready to get back into things."

8. Can you talk about the lawsuit Ipsos-Reid brought against you?

"They took exception to a number of matters that involved my activities after I left the company. I would say their principal issue was that I became involved with Vision Critical, which is our software company and the sister company of Angus Reid Strategies, and that my involvement with Vision Critical somehow breached a restrictive covenant that I had with them. We took exactly the opposite position. We threatened to sue them, they sued us, it was all bull----. And the whole matter was settled. They attempted to win an injunction and lost. In essence, the matter was dropped after that and papers have since been filed in the B.C. courts essentially burying our differences forever."

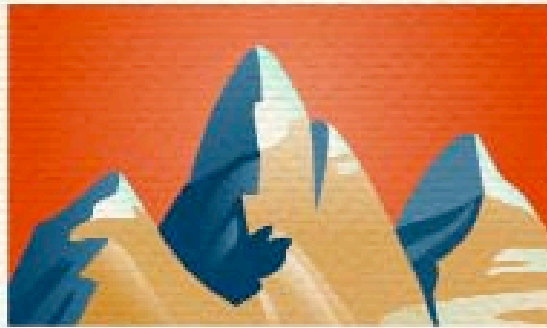
9. What's the market like these days for telephone research?

"The golden age of telephone research has clearly passed us by. Now, about half of the research that is being conducted in Canada is being done online and that will probably grow even further. I suppose telephone research would be good if only respondents would co-operate with telephone interviewers but unfortunately that's become a bigger problem over the course of the last couple of years."

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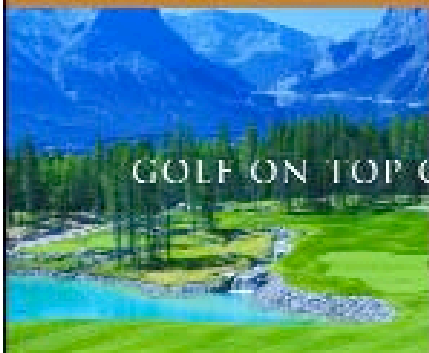


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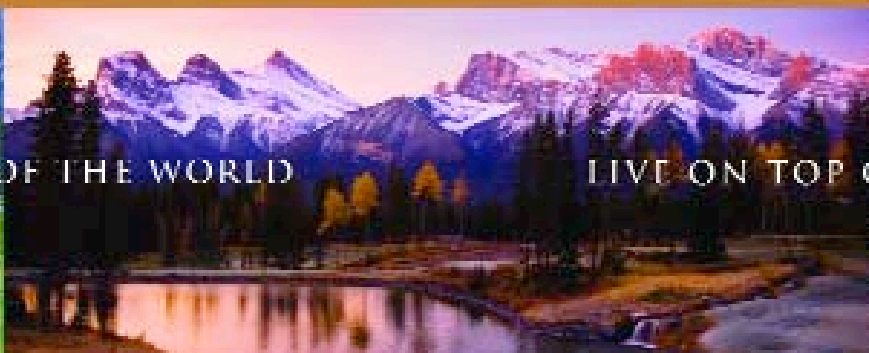
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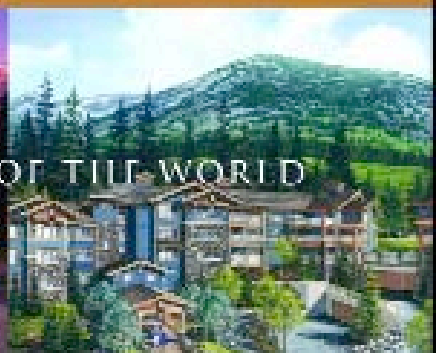
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GOLF ON TOP OF THE WORLD



LIVE ON TOP OF THE WORLD



20 QUESTIONS from Page 6

Researchers wise to avoid dinnertime calls

"I think people are just busier. I think the industry has lost some of its pizzazz. There's a lot of telemarketing that's going on that people now have less time for. I just think we're in a different era perhaps than we were in 20 years ago."

10. How do you enjoy it when a market researcher calls you during dinner hour?

"Well, I normally tell 'em to get lost. I did a market research interview the other day just because I hadn't done one for a while and I was wondering how it had changed. And it had all those problems of being repetitive, slow, and what was promised to be 10 minutes was, in fact, 25 minutes. And it was so poorly designed and again so absolutely repetitive that it just kind of left me shaking my head halfway through saying, 'How do I get out of this hell?' It was a company I bought this boat from. What is the brand name of my boat? Uhhh, Boston Whaler. I suppose it's one thing to call quickly and say, 'How are you going to vote in the next election?' and another thing to get involved with some of these long market research exercises."

11. What are you doing with your new market research venture, Angus Reid Strategies, and where do you plan to take it?

"In a nutshell, the new venture is a full-service market research company. We think there are a lot of companies out there that need the kind of research services and consulting services that we offer and we currently have offices in Vancouver, Calgary and Toronto. We're going to build this company out over the course of the next few months here in Canada and early in the New Year, we will put an office in New York and another office in San Francisco. So we see this as a continental market and plan to exploit the significant demand for research services in this market. It's a more competitive market than it's ever been,

ANGUS REID

- **Title:** Chairman/CEO, Angus Reid Strategies; CEO, Vision Critical.
- **Born/Raised/Age:** Regina/Regina, Vancouver/58.
- **Education:** University of Manitoba, BA, master's (sociology); Carleton University, PhD.
- **Career:** Reid was the CEO and owner of Angus Reid Group from 1979 to 2001. He was also founder of the company. He started Angus Reid Strategies in 2002 and became CEO of its affiliate, Vision Critical, in 2004.
- **Accolades:** Reid is a former recipient of the American Marketing Association's marketer of the year award and the Pacific Region entrepreneur of the year award. He has also been honoured with the distinguished career award by the Canadian Public Relations Society. He has honorary doctorates from the University of Manitoba and Simon Fraser University.
- **First job:** Professor, University of Manitoba.
- **Drives to work in:** Jaguar.
- **Time Online:** 20 hours per week.
- **Pastime:** Golf.
- **Favourite TV show:** *The Shield*.
- **Last book read:** *London Fields*, by Martin Amis.



Angus Reid calls his new venture a full-service market research company.

people want to get at how their products can best be positioned in this market, and that's where market research comes in. On the political side, we'll be doing more frequent rapid turnaround polling both in Canada and the U.S. on the usual issues that are of interest. We've got a Liberal leadership race coming down, we've got a minority government in Ottawa, we've got (political) fireworks in Alberta, so there's lots of stuff happening on the political front that will occupy our agenda."

12. How much of your business will be online research?

"We do some telephone research where we have to. I mean, it's not that we're trying to cloak ourselves only in online. But I'd say our main emphasis is going to be, where possible, looking for online solutions. That's because they're cheaper, they're more effective, at least when you look at respondent engagement. That

survey that I did over the telephone that was 25 minutes could have been done online in about 10 minutes. We're going to service clients' needs using the best technology or the most appropriate technology but increasingly that is online."

ANGUS REID STRATEGIES

- **Brass:** Angus Reid, chairman/CEO; Ed Morawski, president/chief operating officer; Monique Morden, senior vice-president/managing director, Western Canada; Chris Ferneyhough, VP.
- **Profile:** Angus Reid Strategies is a full-service public opinion and market research company providing consulting and services to clients in North America with an emphasis on online research. The Vancouver-based company recently opened offices in Calgary and Toronto.
- **Affiliate:** Vision Critical, a company founded by Andrew Reid, Angus Reid's son, provides software and technology to Angus Reid Strategies.
- **Ownership:** Angus Reid and family members own more than 50 per cent of Angus Reid Strategies.
- **Websites:** www.angusreidstrategies.com, www.visioncritical.com
- **Head Office:** #700, 858 Beatty St., Vancouver, V6B 1C1.
- **Phone/Fax:** (604) 647-1985/647-1005.

13. Are you playing catchup a bit against your competitors in online research?

"Not really, because I've been CEO of Vision Critical for the last three years. We like to think we have the world's best software platform for online research and we've got lots of clients in Canada and the U.S. We're not starting this business with zero clients. We're starting with a \$7-\$10 million base of business and expanding it out from there. I'm frankly more comfortable with the position we're in today than, let's say, other players who've got one foot in the old world of telephone research and one foot in the new world and are kind of half

pregnant in terms of how they're moving forward. We don't have any of the legacy issues that face some of the other companies that are out there. If I wasn't confident in what we're doing, I wouldn't have put a substantial investment in this company of my own money. How much? I'm not going to tell you."

14. What's your long-term vision for Angus Reid Strategies?

"I think we can develop a \$40- to \$50-million company fairly quickly here in North America and I'd like to do some global alliances so that we can do more international work."

See ARENA

Page 9

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ARENA from Page 8

Building talented team cornerstone strategy

"I kind of like the area of global public affairs and I think we'll be able to work in that arena in the next couple to three years. So it's onward and upward. My vision is to pull together a very, very talented group of research people and leaders. In Calgary, we've got Monique Morden, who's a veteran in the research industry who has joined us as senior vice-president and managing director of our Western Canada business. In Toronto, we've got a guy like Ed Morawski, whom I worked with back in the Angus Reid Group days and joined us from the New York office of Ipsos recently (as president and chief

operating officer). We've also got to put some emphasis on branding and you'll be hearing about some very innovative polling that we're doing in the next little while. And we need to continue to emphasize some of the global partnerships we're doing and the strong software support from our sister company, Vision Critical. I think if we can pull those elements together we can emerge as a market leader as I did before. I've been through this once before but this time, we're trying to look at a new dynamic. This isn't just trying to develop what we had before."

15. Are you as excited

about this venture as you were in your early years in the research business?

"In some respects, I'm more excited because in the early days I had my entire life and all of my equity tied up in a company. This time, I'm doing this because I want to do it. I can be much more focused on this as a company rather than something that is 100 per cent my life. And that balance is going to be a good thing."

16. Would you contemplate taking the company public?

"Well, sure. Nothing's off the table. Right now, we're just looking at building a great company and that's going to be the focus of my activity over the next three or four years. At that stage, we'll look at what the market looks like and, sure, a public offering is always on the table."

17. What's it like working with your two children in your business?

"Overall, it's a positive. We try to run this as a corporate company. We've got an independent board of directors. This is definitely not a family business in that sort of traditional sense of a family business. On the Vision Critical side, my son (Andrew Reid is president of Vision Critical), who started that business, continues to be there. My daughter (Jennifer Reid),

who was working with me back in the Angus Reid Group days, is an expert in online research. She has come over and joined me here and runs one of our divisions as an expert in that area. It's fun working with your kids."

18. How would you describe your management style?

"I like to think that I'm firm but inclusive and I put a lot of emphasis on participation. In any services-based company with really smart people, particularly in professional services, which is the essence of this company, you have to be able to lead cats. You've got to lead through selling it, rather than telling it. And you've got to have a vision and you've got to have a vision that people buy into. If you can get those combinations down right, I think that somehow miraculously at the end of the day people will tend to follow you."

19. After all these years in business, what drives you to continue to work and build a business?

"Well, I enjoy enterprise. During my time away (after selling Angus Reid Group), I spent six or seven months out at UBC (University of British Columbia) as a university professor again. I realized that even though I've got all of the credentials to spend as much

time there as I want, being a loaner at the university is not my idea of fun. I like to develop and work with new enterprises. When you look at this combination of Vision Critical and Angus Reid Strategies, it's a young company. The average age would probably be 30 or 31 and I'm 58. I get a lot of personal fulfilment and enjoyment out of the chance to work with colleagues and with younger people and provide a little bit of grey hair. I like to take all that energy and give it some direction. It's not about the money. It's just about enjoying my job and enjoying the opportunity to form something where before there was nothing. Some people like to garden. I like to build companies."

20. When you reflect on your life and career, of what are you proudest?

"I think what we did with Angus Reid Group was quite an accomplishment, building something that people said was impossible to do and ending up with the largest company in our industry. I'm also proud that I've been able to develop a family that is working together well and getting along together well. On work and family fronts, I think things have gone quite well."

(Gyle Konotopetz can be reached at gyle@businessedge.ca)

Wheat board chief urges consultation

The Canadian Press

It would be un-Canadian for the federal government to quash the Canadian Wheat Board's monopoly without first consulting farmers, says board president Adrian Measner.

In a pointed address to the Winnipeg Chamber of Commerce recently, Measner said any unilateral decision by the Conservatives would make a mockery of farmers' democratic rights.

"We're being told that government will proceed with the implementation of its election promise to create an open market for wheat and barley, regardless of what a majority of farmers think," said Measner.

"This is as wrong as it is un-Canadian."

He added the issue is about "democracy and the economic future of Western Canada and, in the final analysis, it's about being Canadian and doing what's right."

The board has been at loggerheads with the federal Conservatives ever since federal Agriculture Minister Chuck Strahl appointed a task force last month to recommend ways to end the board's monopoly on wheat and barley exports.

Measner and other executives have said the Canadian Wheat Board Act requires a plebiscite before the monopolies are removed, and that a vote should have been held even before the task force set to work.

Strahl has said he wants to see the committee's recommendations before deciding whether to let farmers vote.

He and other Tories have said

some changes can be made without a plebiscite and that the party has a mandate from voters because its intentions were clear in its election platform.

Measner said the government shouldn't mistake votes in last January's federal election for support for this particular platform plank.

"There was gun control, there was the performance of the previous government — there are just a whole bunch of other factors in an election," said Measner.

The board's monopoly has long divided Western Canadian farmers.

Supporters say the board — which is the marketing agent for 85,000 producers — is the best option in a fiercely competitive global grain industry.

But plenty of farmers oppose the board's monopoly, saying they want the right to try to get better prices on their own.

The debate over the future of the board is being watched closely by prominent international wheat customers.

Measner said he's confident his speech did not violate a recent government ban that forbids the board from advocating in favour of its monopoly.

The order specifically bans the board from spending money on advertising, publishing or market research, but does not prevent individual farmers or executives from expressing their views.

Measner also tried to rally support by pointing out the board's net impact on the Manitoba economy was pegged at \$210 million in 2004.

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BENNOE

More companies wooing Muslim investors

Using Shariah law helps attract investment

The Canadian Press
The Associated Press

When Caribou Coffee went public last year, sharp-eyed investors noticed some unusual promises in its prospectus.

Caribou, the second-largest coffeehouse chain in the U.S., said it would never sell pork or porn. It wouldn't charge or receive interest, either.

By following financial rules that are part of the Islamic code called Shariah, Caribou is among a small but growing list of western businesses looking to make themselves as attractive as possible to Muslim investors.

Some, such as Caribou, are motivated by principle, while

others see Muslim investors as an attractive new source of money.

Middle Eastern investors flush with oil profits are looking for new places to invest, and American Muslims are looking to invest in a way that doesn't conflict with their faith.

"There's a bunch of Islamic investors who are prohibited from a lot of regular investments, so a lot of money is sitting in cash not earning anything at all," said Khalid Howladar, a vice-president for Middle Eastern and Islamic structured finance with Moody's Investors Service in London.

Companies and governments who need to raise money are saying, "There's a bunch of people out there with money they can't spend - how about I create something for them?" he added.

Dow Jones has created an

Islamic investing index. A Texas company issued almost \$166 million US in Shariah-compliant bonds to finance natural gas operations in the Gulf of Mexico. And the German state of Saxony-Anhalt issued a floating-rate 100-million euro note - managed by Citigroup - that followed Shariah rules.

Assets invested at two Shariah-compliant funds run by Saturna Capital in Bellingham, Wash., have swelled nearly ten-fold, since 2002 from \$34 million US to \$331 million US now - though that's still tiny by mutual fund standards. The funds invest only in companies that are Shariah-compliant.

Islamic financial rules come from passages in the Qur'an that prohibit "riba" - making money from money. Generally, that means not paying or collecting interest, though some scholars say only abusively high interest rates are prohibited.

Other prohibitions are more moral than financial, such as a ban on selling pork.

Eric Meyer, who runs a Connecticut-based hedge fund called Shariah Capital, says western banks and financial institutions need to have Shariah-compliant products or risk losing market share.

"There is a younger generation of Muslims who grew up during the last 20 to 30 years that have a reawakened sense of nationalism and religious pride that motivates them to invest according to their faith," he said.

But in western finance, it takes some creativity to avoid earning or paying interest. To borrow money, Shariah-compliant companies often pledge the lender a share of the profits from an asset instead of interest.

Caribou Coffee Company Inc., for instance, has a revolving line of credit. But instead of

paying interest, it sells assets and then pays to lease them back.

"It's fair to say we do things a little differently," said Charles Ogburn, global head of corporate investment at the firm that controls a majority of Caribou stock, Bahrain-based Arcapita Bank B.S.C.

Ogburn said when he joined Arcapita five years ago, there were perhaps two or three U.S. banks who had done those kinds of loans. Now it's more like 25 or 30.

Many companies follow Shariah without even trying.

To build its index, Dow Jones in 1999 hired six Shariah scholars to set standards to screen companies.

Out of 5,000, Dow Jones found 1,800 that met its standards, including drugmakers Merck & Co. and Pfizer Inc., BP PLC, Microsoft Corp., Hewlett-Packard Co. and IBM Corp.

Islamic financial world does offer alternatives

The Canadian Press
The Associated Press

Islamic rules known as Shariah generally prohibit making money from money. They also forbid profiting by some things seen as immoral. To work within these rules, the Islamic financial world has come up with some alternatives:

■ Bonds: Western companies can raise money by selling bonds or borrowing from the bank and paying interest. Instead of selling bonds, a company following Islamic law can pledge income from an asset such as an oil platform.

Such arrangements can be bundled together in bond-like securities called Sukuk, and, theoretically, traded. But the market for Sukuk isn't very liquid - holders have few acceptable alternatives so they tend to hang onto Sukuk rather than sell it.

■ Metal is in: To get a return on idle cash without earning interest, Muslim investors execute a trade in a commodity, often copper. For example, an investor could contract to buy \$100 of copper today and at the same time execute a sale of copper in 90 days for, say, \$103.

■ Sin is out: Shariah prohibits profiting from alcohol, gambling, and weapons. When an investment fund that follows Islamic financial rules bought the Church's Chicken chain, it took bacon off the menu.

■ Some stocks are OK: Nothing in the Islamic financial code prohibits owning shares of a company, as long as the company doesn't violate the rules above. Many Muslims own shares of technology companies because the successful ones are debt-free (so they're not paying interest) and they generally stay away from objectionable businesses such as alcohol sales. Stock in investment houses and insurers is frowned upon because such companies generally profit from interest.

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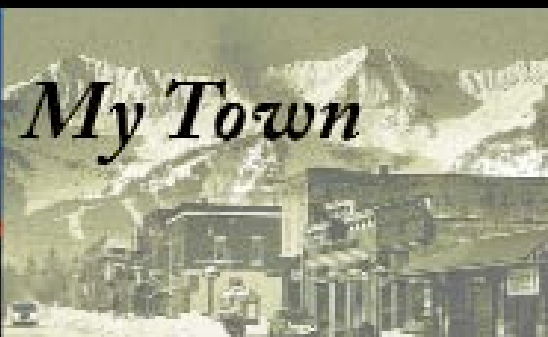
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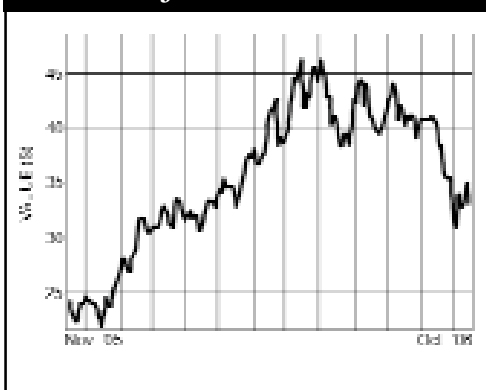


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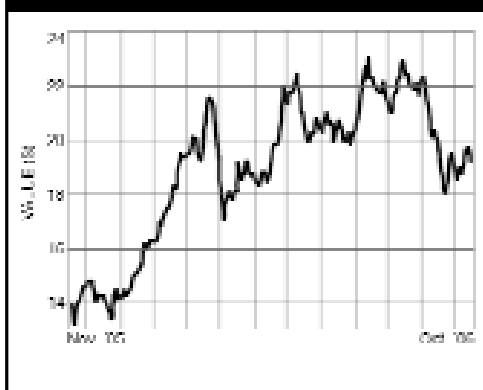
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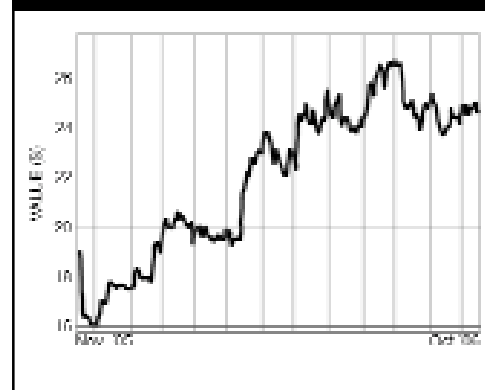
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Infrastructure sector catches Tardif's eye

(Business Edge columnist Gyle Konotopetz regularly profiles the top stock picks of some of Canada's most accomplished investment pros.)

FEATURED PRO: Jean-Francois Tardif is a portfolio manager with **Sprott Asset Management** (www.sprott.ca). He is the lead manager for the **Sprott Opportunities Hedge Fund**.

Fund Form: The Sprott Opportunities Hedge Fund had a one-year return of 16.5 per cent compared to the group average of 4.8 per cent (through Sept. 30). The fund has an annualized return of 35.2 per cent since its inception in April of 2004.

Management Expense Ratio: Two per cent (plus performance fees).

Tardif's Strategy: "Long term, I'm bullish on oil stocks and I'm not very worried about the oil price. I'm more worried about the natural gas price. How those (natural-gas weighted) stocks do depends on whether gas companies review their production and their spending and/or whether we have a warm or cold winter. If we have another warm winter, we may have this problem with (natural) gas for another year. If we have a normal or cold winter, things will come back into place very quickly. I'm hoping to be able to invest a lot of money at the bottom (in the oil and gas sector).

"In the mean time, we're investing in other things. We're looking at stocks that have corrected because there's maybe a perception that they're commodities and

PRO'S 3 STARS

(natural) gas related investments, but they are not. I particularly like the infrastructure theme, companies that provide equipment to different aspects of the Canadian economy such as construction and the oilsands."

FIRST STAR

■ **Wajax Income Fund** (TSX:WJX.UN)
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■ **52-Week Range:** \$21.53-\$47.

■ **Snapshot:** Wajax is a distributor and provider of support service for mobile equipment,

industrial components and power systems. It operates through a network of 104 branches across Canada.

■ **CEO:** Neil Manning.

■ **Head Office:** Mississauga.

■ **Vital Stats:** Current Price/Earnings Ratio, 9.2; Revenue (last 12 mos), \$1.2 billion; 5-Yr Revenue Growth, -1.8 per cent; Earnings (last 12 mos.), \$63.8 million; Market Cap, \$574.5 million; Shares Outstanding, 16.6 million; Monthly Cash Distribution, 30 cents per unit.

■ **Tardif's View:** "This company will benefit from infrastructure spending and the booming economy in Western Canada. They sell heavy equipment across Canada. As a dealer, they don't make much money selling heavy equipment but they do make a lot of money servicing that equipment fleet. I think this stock will go back north of the last high of \$46 before the end of 2007. Why? Because the earnings keep growing. This year, they're

going to make somewhere around \$4.50 in earnings per share and next year they're going to make \$5-plus earnings per share. Being a trust, they don't pay taxes so my forecast for this stock is that it will make about \$5.25 per share next year. Plus, they're also paying a 30-cent monthly distribution, which is about 11 per cent."

■ **Tardif's Risk Rating:** Medium.

■ **Web Watch:** www.wajax.com

SECOND STAR

■ **Strongco Income Fund** (TSX:SQP.UN)
 ■ **Recent Price:** \$19.50.

■ **52-Week Range:** \$13-\$23.25.

■ **Snapshot:** Strongco sells, rents and services mobile industrial equipment throughout Canada, primarily serving the mining, energy, forestry, utilities, construction and road-building sectors.

■ **CEO:** Robin MacLean.

■ **Head Office:** Mississauga.

■ **Vital Stats:** Current Price/Earnings Ratio, 9.1; Revenue (last 12 mos.), \$445.1 million; 5-Yr Revenue Growth, -1.3 per cent; Earnings (last 12 mos), \$21.6 million; 5-Yr Earnings Growth, 78.7 per cent; Market Cap, \$195.84 million; Shares Outstanding, 10 million; Monthly Cash Distribution, 18 cents per unit.

■ **Tardif's View:** "This stock, like Wajax, has had a very important correction and I think it will come back to a new high. I don't think these companies (Wajax and Strongco) deserved to correct. They've corrected as much as the drilling companies, which is ridiculous in my mind. I think Strongco could trade as high as \$25 or \$26 next year. I expect this company to make \$2.75 (in earnings per share)

and it also pays a \$2.18 distribution per year."

■ **Tardif's Risk Rating:** Medium.

■ **Web Watch:**

www.strongco.com

THIRD STAR

■ **Transat AT** (TSX:TR.Z.B)

■ **Recent Price:** \$24.95.

■ **52-Week Range:** \$15.90-\$27.01.

■ **Snapshot:** Transat is a holiday travel company with tour operators in Canada, France and the U.K. and also provides airline and travel agent services.

■ **CEO:** Jean-Marc Eustache.

■ **Head Office:** Montreal.

■ **Vital Stats:** Current

Price/Earnings Ratio, 13.1; Revenue (last 12 mos), \$2.5 billion; 5-Yr Revenue Growth, 4.2 per cent; Earnings (last 12 mos.), \$70.4 million; 5-Yr Earnings Growth, 8.7 per cent; Market Cap, \$844.11 million; Shares Outstanding, 33.8 million.

■ **Tardif's View:** "This is a company that has a very strong market share in Eastern Canada, particularly in Quebec, for packaged holidays. The oil price has come down, which is a positive for the company, but they did very well even when oil prices were higher.

See 3 STARS Page 15

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Bell's income trust move sparks jitters

Trend could set off alarms in government

(Street Life is a regular feature that focuses on what's playing in the stock market.)

By Gyle Konotopetz
Business Edge

■ **ACT I: The Wakeup Call BCE Inc.**
(TSX:BCE) \$32.75
Up 25.9 per cent
(since Aug. 1).

BCE's move to convert its Bell Canada phone business into an income trust was an unwelcome wakeup call to jittery trust investors. The move by Canada's largest telephone company came exactly one month after Telus (TSX:T) announced plans to convert to a trust and may set off an alarm in the government over conversions by some of the country's largest companies. Although the government has been tight-lipped over the issue, trust investors are concerned about a selloff similar to what occurred two years ago when the Liberal government scrutinized the trust structure. Said UBC Securities Canada analyst Jeffrey Fan: "Investors are beginning to worry about the implication of BCE's trust announcement on both BCE's and Telus's ability to successfully complete their conversions without government scrutiny." BCE would become the 250th income trust.

■ **ACT II: The Bomb Bennett Environmental**
(TSX:BEV) \$0.64
Down 33.3 per cent
(one-day swoon on news).

The market doesn't take kindly to being left in the dark. If you don't believe it, consider the brisk one-day selloff when Bennett warned investors not to rely on previously announced guidance,



STREET LIFE: ANALYSIS

including a forecast issued in early August that the soil contamination processing company expected to process 28,000 to 33,000 tonnes of soil this year. The Oakville, Ont.-based company also told investors that, effectively immediately, it would no longer provide guidance in advance of reporting periods due to the unpredictability of the market. Shares in Bennett have cratered by almost 90 per cent since the stock peaked at \$6 in March.

■ **ACT III: The Reality Check Falcon Oil & Gas**
(TSXV:FO) \$2.66
Down 62 per cent
(five-month plunge).

Falcon was the junior oilpatch's high flier early in the year when it gushed to a 10-fold increase based on its prospects in Hungary, but the stock has given speculators a rude reality check in recent months. In a note to investors, Canaccord Capital questioned Falcon's \$1.1-billion market cap. The firm wrote in a note: "As much potential as the Hungarian property may have, it's a preposterous market cap for a company without production, don't you think?" Falcon also has a whopping 450 million shares outstanding.

■ **ACT IV:**

The Trust Convert Dundee Wealth Management
(TSX:DW) \$13.89
Up 38.9 per cent
(year to date).

Dundee stock continued to flourish with a one-day spike of 13 per cent when the company said it plans to convert its investment management division, Goodman & Co., Investment Counsel Ltd., into an income trust. Dundee intends to offer approximately 15 per cent of Goodman & Co. in an initial public offering in the income trust structure. Goodman & Co., which included Dynamic Funds, manages more than \$20 billion in retail and institutional assets. In September, Dundee Wealth Management launched Dundee Bank of Canada, a revamped Schedule I chartered bank.

■ **ACT V: The Takeover Jacuzzi Brands**
(NYSE:JJZ) \$12.35 US
Up 19.3 per cent
(one-day spike on Oct. 11 takeover news).

Jacuzzi, the name synonymous with whirlpool baths, may have finally hit its pinnacle as a public company after a phenomenal multi-year rally. The West Palm Beach maker of hot tubs appears headed for a new life as a private company after New

York-based private equity firm Apollo Management made an acquisition pitch of \$12.50 US in a deal valued at \$1.25 billion US, including the assumption of debt. Long-time holders of Jacuzzi stock have been rewarded with a five-year return of more than 500 per cent.

■ **ACT VI: The Exclamation Point Yum! Brands**
(NYSE:YUM) \$58.03 US
Up 28.9 per cent
(since Aug. 1).

Yum! is known for its exclamatory name and now it's becoming known for its exclamatory growth. A growing appetite in China for Yum!'s KFC, Pizza Hut and Taco Bell brands spurred growth at the Louisville, Ky.-based company. Yum! beat analyst expectations for its third quarter with earnings of 83 cents US per share, beating the street by eight cents, and also raised its full-year profit guidance to \$2.89 US earnings per share from \$2.83, largely on its Chinese growth prospects. The company boasts a worldwide chain of 32,274 restaurants.

■ **ACT VII: The Gaming Nightmare ESI Entertainment Systems**
(TSX:ESY) \$0.96
Down 63.1 per cent
(two-week crash).

Internet gaming stocks have been having a nightmare at the craps table since the U.S. government began to crack down on the online gaming industry. Few companies have been hit as hard as ESI, the Burnaby, B.C.-based outfit that provides products and services to the gaming industry. Ironically, the company's shares haven't even been able to get to first base despite its association with baseball's all-time hits king Pete Rose. ESI's subsidiary, Citadel Commerce Corp., recently purchased Rose's 30 autographed, limited-edition baseballs with the message, "I'm sorry I bet on baseball." The company also announced the resignation of its chief financial officer, Dan Parmar, who will be replaced on an interim basis by CEO Anthony Greening.

■ **ACT VIII: The Penny Jackpot WebTech Wireless Inc.**
(TSXV:WEW) \$1.95
Up 78.9 per cent
(since Sept. 1).

No, your eyes aren't deceiving you. It truly is a wireless company with a spike reminiscent of the good ol' days of the dot-com boom. WebTech Wireless has been getting some serious attention from investors as it rolls out its Quadrant wireless solutions that focus on the mobile telematics space. The Burnaby-based company announced a distribution agreement in the freight transportation business with Trailcom Leasing. WebTech's technology will allow Trailcom customers to track the location of parked trailers as well as goods in transit.

(Quotes based on prices through Oct. 13 unless otherwise specified.)

(Gyle Konotopetz can be reached at gyle@businessedge.ca)

Housing demand to remain strong

The Canadian Press

A surge of new listings should act to keep housing price increases in check across Canada in 2007, the Re/Max real estate company predicts.

The company's 2007 outlook study found that while the number of homes listed for sale is expected to climb, demand will remain strong in 17 of the markets it surveyed, including Vancouver, Victoria, Kelowna, Calgary, Edmonton, Regina,

Saskatoon and Winnipeg.

Sales volume next year is expected to equal peak levels reported in 2005 and 2006, "with more balanced conditions — characterized by healthy inventory levels and less urgency in the market — expected to emerge," the company said in a release.

The highest percentage increase in 2007 unit sales is expected to occur in Saskatoon, where sales are forecast to climb seven per cent to 3,630 units.

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QUARTERLY EARNINGS REPORTS

Recently published financial data on publicly reporting companies based in Canada. The following is sorted by each exchange according to the year-over-year increase (highest first) in quarterly revenue of Canadian companies that published results in the period from 9/22/2006 to 10/19/2006.

As of	Symbol	Earnings per share		Net income		Revenue		Change
		Latest	Year ago	Latest	Year ago	Latest	Year ago	
TORONTO STOCK EXCHANGE								
9/29/2006	ZL	4,645.3	-0.23	585,307,800	-3,520	3,539,718,600	40,123	+88,221-fold
Lorus Therapeutics Inc.								
8/31/2006	LOR	-0.01	-0.03	-2,770	-5,742	7	1	600%
NovaGold Resources Inc.								
8/31/2006	NG	-0.03	-0.02	-2,600	-1,500	2,400	1,100	118%
MedcomSoft Inc.								
6/30/2006	MSF	-0.02	-0.02	-874	-971	344	194	77%
OSI Geospatial Inc.¹								
8/31/2006	OSI	-0.033	-0.044	-1,056	-1,136	4,784	2,902	65%
Grey Horse Capital Corp.								
6/30/2006	GHC	.06	.14	289	429	3,747	2,352	59%
Husky Energy Inc.²								
9/30/2006	HSE	1.61	1.31	682,000	556,000	3,436,000	2,594,000	32%
Mindready Solutions Inc.								
6/30/2006	MNY	.28	-0.02	8,619	-296	4,995	4,189	19%
A&W Revenue Royalties Income Fund								
9/10/2006	AW.UN	.3	.27	2,467	2,223	4,492	3,970	13%
AGF Management Ltd.								
8/31/2006	AGF.B	.39	.23	34,632	20,294	172,598	153,039	13%
Promatek Industries Ltd.								
6/30/2006	PMK	.07	.07	266	271	1,553	1,377	13%
Maximizer Software Inc.								
8/31/2006	MAX			-67	-64	4,862	4,346	12%
Saskatchewan Wheat Pool Inc.								
7/31/2006	SWP	.15	.44	13,492	29,528	602,057	546,725	10%
Richelieu Hardware Ltd.								
8/31/2006	RCH	.38	.31	8,779	7,251	96,221	88,032	9%
Gennum Corp.								
8/31/2006	GND	.18	.14	6,321	4,925	38,719	35,951	8%
Teknion Corp.								
8/31/2006	TKN	.05	-0.05	3,272	-3,246	156,285	145,605	7%
Amica Mature Lifestyles Inc.								
8/31/2006	ACC	.04	.02	525	346	9,978	9,474	5%
Danier Leather Inc.								
9/23/2006	DL	-0.64	-0.81	-4,176	-5,291	21,928	20,831	5%
Glencairn Gold Corp.								
9/1/2006	GIN	.01	.02	62	282	38,459	36,882	4%
Colabor Income Fund								
9/8/2006	CLB.UN	.18	.2	1,062	1,135	94,073	91,139	3%
Firan Technology Group Corp.								
9/1/2006	FTG	.02	.01	300	119	13,670	13,218	3%
Prizm Canadian Income Fund								
9/4/2006	QSR.UN	.33	.25	6,834	5,160	127,412	123,584	3%
Velan Inc.								
8/31/2006	VLN	.04	.06	916	1,441	79,457	77,946	2%
Clarke Inc.								
9/30/2006	CKI	.29	.72	3,718	9,577	53,439	53,058	1%
Theratechnologies Inc.								
8/31/2006	TH	-0.16	-0.15	-7,251	-5,218	412	409	1%
Husky Injection Molding Systems Ltd.³								
7/31/2006	HKY	.023	.057	2,518	6,769	280,864	287,017	-2%
Premier Tech Ltee								
9/2/2006	PTL.A	.18	-0.04	2,983	-664	49,582	53,207	-7%
International Road Dynamics Inc.								
8/31/2006	IRD	.03	.03	362	407	9,147	10,082	-9%
Amisco Industries Ltd.								
9/2/2006	IAC	-0.03	.16	-106	646	9,106	11,305	-19%
Reko International Group Inc.								
7/31/2006	REK	.12	-0.37	891	-2,800	12,329	15,400	-20%
Groupe Bocenor Inc.								
8/31/2006	GBO	-0.01	0	-296	132	17,510	28,109	-38%
Ecopia BioSciences Inc.								
8/31/2006	EIA	-0.02	-0.03	-1,192	-2,266	34	83	-59%
Jean Coutu Group (PJC) Inc.³								
8/26/2006	PJC.A	-4663,304.2	-120,637,916,915,500			3,089,339,221,637,475,500		-100%
Vitran Corp. Inc.¹								
9/30/2006	VTN	0	.504	0	6,307	0	136,356	-100%
TSX VENTURE EXCHANGE								
Rapid Solutions Corp.								
7/31/2006	RPD	-0.01	-0.02	-320	-166	1,035	122	748%
Norex Exploration Services Inc.								
7/31/2006	NRX	.01	-0.02	493	-144	16,244	2,144	658%

¹Originally quoted in U.S. dollars (translated into Cdn dollars based on the interbank exchange rate on the last day of the period in question) and in accordance with U.S. GAAP.

²Revenues are net of royalties.

³Originally quoted in U.S. dollars (translated into Cdn dollars based on the interbank exchange rate on the last day of the period in question).

Source: Canada NewsWire

All dollar amounts – except earnings per share, which are basic – are in thousands of Canadian dollars (conversion from U.S. dollars comes from the exchange rate on the last day of the given period according to the interbank rate on www.oanda.com).

While Business Edge strives to check this information carefully, accuracy cannot be guaranteed. The companies' own published statements, therefore, should take precedence where there is a discrepancy.

3 STARS from Page 12

Travel company savouring hot market

"I think they're going to do really well in the next six months with more Canadians travelling. In my view, they should convert it to an income trust because they generate so much cashflow, but I don't think they plan to convert it to a trust. They want to retain their cash to do acquisitions. They have more than \$10 per share in cash on the balance sheet and they generate a lot of free cashflow every year. It's an extremely profitable business. Because the Canadian economy is doing so well, I expect this company to grow their sales, earnings and cashflow. On top of that, they're probably going to make some accretive acquisitions."

■ **Tardif's Risk Rating:**

Medium.

■ **Web Watch:**
www.transat.com

Tardif's Edge Record (last 12 mos): +10.4 per cent. **Best Pick:** Tournigan Gold (TSXV:TVC) +125.6 per cent. **Worst Pick:** Total Energy Services Trust (TSX:TOT.UN) -22.5 per cent.


Disclosure: Tardif owns shares in the Sprott Opportunities Hedge Fund in which the featured stocks are held.

(This feature is provided for information purposes. Investors are advised to do their own research or consult a qualified investment professional before making investment decisions.)

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Real Estate Edge



Mortgage fraud battle grows as values rise

Victim advises due diligence in transactions

By Monte Stewart
Business Edge

Jennifer Fiddian-Green has cleared her name with lenders.

She is not legally liable anymore for two mortgages that were taken out – without her knowledge or consent – on two condos in her home town of Brantford in 2003.

But the battle against mortgage fraudsters for most Canadians who have fallen victim to such scams is far from over.

As property values rise, reported cases of mortgage fraud are also increasing across Canada. But in many cases, police are handcuffed in their attempts to bring the culprits to justice.

“There was a charge laid against one of the individuals involved in my case, but the details of my case were not what led to the charge,” says Fiddian-Green. “My case details got dropped (from the charge). It wasn’t the best evidence, but there was a conviction . . . but it’s kind of like a slap on the wrist.”

The experience was particularly irksome because Fiddian-Green, a forensic accountant and partner with Toronto-based Grant Thornton LLP, investigates fraud for a living. She can quickly check out someone who might be trying to pull a fast one with financial institutions.

“We know how to prevent this crime, and these groups need to be motivated to do the due diligence so that they know their client and who they’re dealing with.”

Fiddian-Green has filed a complaint with the Law Society of Upper Canada, which governs lawyers in Ontario, against the lawyer involved in both deals in her name. But with more than 75 mortgage-fraud cases to investigate, she says, the law society has indicated it can’t review her situation anytime soon.

She has also filed a complaint against credit-reporting agency Equifax Canada because, she contends, people were able to access her personal financial data and get financial institu-



Larry MacDougal, *Business Edge*
Fiddian-Green fell prey to a double mortgage-fraud scheme in Ontario.

tions involved without her consent.

“I didn’t give permission to them, somebody else did,” says Fiddian-Green. “So I want to know what work they are doing to protect my personal information.”

When it comes to being victimized, she is probably one of the lucky ones because she knows who to call and how to get answers. Many other mortgage-fraud victims have faced years of hassles in dealing with banks, courts, professional organizations and other groups.

Typically, unscrupulous mortgage brokers, bankers, real estate agents, lawyers or appraisers may use false appraisals to increase the value of a property. They then sell it a few times through fake documents and other means to get a mortgage for a far higher amount than the real value of the property – and then disappear, leaving the unsuspecting purchaser to pay the bills based on what appear to be legally binding contracts.

And the stories of what unwitting victims go through are getting uglier.

A North York couple who lost their condo to identity thieves recently waged a legal battle in an Ontario courtroom with the Toronto Dominion Bank over who should pay a \$247,860 mortgage. Claiming it was also a victim, the bank has refused to erase the debt and appears to be seeking compensation through a provincial assurance fund.

In one B.C. case involving disbarred former lawyer Martin Wirick, the provincial law society is on the hook for \$50 million in clients-claim coverage.

Wirick was granted a conditional discharge from bankruptcy in return for what’s considered a \$500,000 token judgment for the Law Society of British Columbia.

“Perhaps the only way that Mr. Wirick will ever pay anything to the law society is if he wins the lottery,” B.C. Supreme Court Justice Jon Sigurdson said in his June 27 decision.

Wirick, who specialized in property transfers, received money in trust to discharge mortgages and later admitted to the society that he breached undertakings in several of the transactions. Those breaches had resulted in money remaining unpaid to various parties and financial institutions.

Dozens of lawsuits allege that Vancouver developer Tarsem Singh Gill, a long-time client of Wirick’s, bilked tens of millions out of homeowners through bogus mortgages. Clients later learned they did not own their own properties.

A law society audit determined that \$52 million passed through Wirick’s trust account between 1998-2002. Police are still investigating, and no charges have been laid.

Later this month, a case against six men will go to court

in Edmonton on what is believed to be the largest mortgage-fraud case in Alberta history, which includes 142 charges involving 118 properties and involves just under \$30 million. But Gohar Pervez, the group’s alleged leader, has claimed the accused – who include Edmonton defence attorney Scott Park – weren’t doing anything illegal as they flipped properties.

In another Alberta case, an 85-year-old couple who had enjoyed clear title on their property for 25 years faced the loss of their home, says Edmonton police Det. Mike Shorter, who investigates mortgage fraud full-time.

These are just a few of the cases now going before the courts or being investigated. First Canadian Title, a Toronto-based property title insurance company, estimates the average mortgage fraud to be \$300,000. In 2005, mortgage-fraud claims accounted for 33 per cent of First Canadian’s total dollars paid, compared to only six per cent in 2000.

“The lenders are basically falling over themselves to finance these things, and I think there’s been a lack of due diligence on all avenues

of it,” says Shorter.

In the Pervez case, which Shorter has been investigating for three years, somebody always thought someone else – be it the bank or mortgage broker – was doing the background checks.

“When you look at these red flags jumping up, it’s just someone passing the buck,” says Shorter. “The economy is overheated and people are just doing everything to finance these things – and they’re just taking advantage of it.”

Although it’s difficult to get an accurate read on the extent of mortgage fraud, various reports suggest Alberta has the most cases because of its booming economy and strong real estate market.

Last year, the Real Estate Council of Alberta estimated the value of mortgage fraud at approximately \$275 million a year.

On mortgage assumptions, says Shorter, there is no legal requirement to get the consent of the lender. A fraudster can get a “straw buyer” to assume a mortgage, collect the cash from the bank and then get off the hook.

See FRAUD Page 19

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Expertise maximizes global web presence

High ranking on search engines can pay big dividends

By Christina Friedrichsen
Business Edge

You've got the products, you've got the website, but to crack that foreign market you've got to speak the right language and be in the right place.

That, according to experts, means having multilingual websites and earning high rankings on search engines, including Google and Yahoo.

Huiping Iler, owner of wintranslation.com, a translation company based in Ottawa and author of *Maximizing Visibility for Multilingual Web Sites*, says not hiring a professional translator can be the kiss of death for companies trying to break into global markets.

"Translation is something that nobody notices unless it sounds awful or laughable. When it is done right, you don't even notice that it was translated. When it's bad, it can either make you look like an amateur, or even worse, it can make you seem rude or offensive. Either way, it can be a huge turnoff."

Iler says even large organizations have been known to make dreadful translation errors when they start selling in other markets.

"The Dairy Association's huge success with the campaign 'Got Milk?' prompted them to expand advertising to Mexico. It was soon brought to their attention that the Spanish translation read 'Are you lactating?'" says Iler. "Imagine how that would have gone over."

Iler says the cost to translate a page is \$350-\$500. She advises companies who are going global with their websites to "start small and build on your success."

"It is easier to start with one language and maybe a portion of your website instead of the whole thing," she says, adding that you should remember to set aside a budget for updating your site regularly.

She points out that keeping a multilingual website up to date can be time- and money-intensive, so it is wise for companies to have a realistic evaluation of their business needs, and to be clear on what they can afford.

Iler says it's essential to hire a translator who not only has excellent language skills, but who also understands search-



Photo by Kumru Bilici, courtesy of wintranslation.com
Huiping Iler, owner of translation company wintranslation.com, says professional translators can prevent embarrassing errors.

engine marketing. There are unique challenges to getting multilingual websites ranked. For example, all webpages have a language-encoding tag. If it is not properly declared, visitors to the site will see an entire page filled with question marks.

She also highlights the importance of using the right keywords.

"In Portuguese, for instance, 'computador portátil' refers to a portable computer. A translator can translate it into English as a notebook computer or a portable computer," Iler says. "Both are correct, but there is a big difference between the numbers of searches for each term."

"In August, 877,219 notebook computer searches on Yahoo were conducted for the term 'notebook computer,' while only 2,772 for the term 'portable computer.' That's a huge difference."

Contrary to what some might think, getting ranked on search engines does not involve black magic.

And it doesn't involve paying off someone at the Googleplex headquarters, according to Calgary search-engine optimization (SEO) expert Ian McAnerin, who owns McAnerin Networks Inc.

What it does involve is knowledge about how search

engines work, which is something many small-business owners are lacking. This is especially true for companies trying to create a global presence on the Internet with multilingual websites.

"Search-engine optimization is just coming out of its infancy," says McAnerin. "Many small businesses assume their web designers are doing it for them, which couldn't be further from the truth."

In English-centric North America, the assumption may be that English is the most important language on the Internet but, according to Internet World Stats, 70 per cent of online searches are done in a language other than English.

And Internet users aren't just looking up phone numbers and addresses.

They do price comparisons. They research products and services. They're hungry for information, as long as it's quick, straightforward – and in their own language.

The lack of SEO knowledge is even greater when it comes to optimizing multilingual websites, says McAnerin. Language and cultural differences can create obstacles for companies targeting foreign markets online.

WEB FACTS

- Search engines generate close to 90 per cent of traffic to a website.
 - Most searchers (about 82 per cent) don't look past the first three pages.
 - There are an estimated 70-80 SEO companies in Canada. Most SEO consultants are women.
 - Ten countries/regions with more than 60 per cent of the population accessing the Internet: Iceland, Sweden, Denmark, Netherlands, Hong Kong, Norway, U.S., U.K., Korea, Japan.
- Source Bill Hunt, author of *Search Engine Marketing Inc.*

Tips on Creating a Multilingual Website

Louis Bertrand, senior manager at the Business Development Bank of Canada, provides one-on-one consulting for small businesses wanting to go global.

He offers these tips on creating a global web presence:

- Keep the design simple. You don't need to spend \$25,000 for a fancy flash website. That will only distract your customers from what you are trying to sell. A good website shouldn't cost more than \$2,000-\$3,000. Bertrand says it's also essential to be involved in the design process so that the website accurately reflects your business. Letting a web designer 'have at it' without any input from you can be a costly mistake.
- Make sure your website is easy to navigate. The first page should say exactly what you can do for the customer.
- Check out the websites of your competitors to see how they have targeted their customers. Also find out which keywords they are using.
- Don't spread yourself too thin. Go after one global market at a time. If you go after too many at a time, there's a good chance you won't be able to serve your customers as well as your competitors.
- Plan ahead. Make sure you are prepared before you go after global markets. Part of being prepared is knowing your budget.

The first piece of advice he has for companies who are going global is to understand the markets they are targeting. If, for instance, a company is going after China, business owners should visit the country so they can get an understanding of the language and culture before they create a Chinese website. He also suggests hiring someone who has a sound knowledge of the culture.

Also, before companies create multilingual websites, McAnerin advises them to have their English websites optimized for search engines. Hiring a SEO consultant to do the work costs anywhere from \$60 to \$600 per hour.

Business owners can also do it themselves. Seminars and workshops on SEO are held in major Canadian cities, and books such as *Search Engine Marketing, Inc.: Driving Search Traffic to Your Company's Web Site* by Mike Moran and Bill Hunt, and Shari Thurrow's *Search Engine Visibility* are also helpful resources.

There are other important factors to the success of a multilingual site aside from translation.

McAnerin says companies should use different websites for each country. He advises companies to use top-level

domains for each country. For instance, in Canada a .ca domain will rank highest, while in China a .cn domain will get the highest ranking.

He also recommends that companies use subdomains for each language within a country.

"Often there is more than one language within a country. To switch between languages you should use subdomains," he says.

McAnerin admits there is still an element of mystery to how search engines such as Google rank websites. "Google doesn't tell anyone what the secret sauce is," he says.

However, SEO consultants have most of it figured out. That's why many large companies pay big bucks to hire SEO consultants.

In fact, McAnerin says it's not unusual for large companies that rely heavily on search engines to attract business to allot 20 per cent of their marketing budget for SEO. Some companies that sell exclusively online devote their entire budget to SEO.

"If your business is based at least in part by search, it can be dramatically affected by SEO," he says.

(Christina Friedrichsen can be reached at friedrichsen@businessedge.ca)



Ian McAnerin

Edge@Work

'Career stutters' causing economic ripples

Education system must adapt to changing global conditions

The university graduate living at home and working at a low-paying job is threatening to move from a funny-sad stereotype to a crippling national trait – unless Canadians at all levels begin to change the way we think about career development.

For more than a generation, parents and teachers have focused on getting kids into the post-secondary system because research showed us that higher education was the key to higher wages and “better” jobs.

That template suited an economy built on long-term jobs, on careers built over decades with one employer.

But we're discovering – to our cost – that this strategy doesn't work in an atmosphere of global competition, worldwide skilled worker shortages, new jobs, specialties and companies flashing into existence seemingly overnight, to be replaced by the next new industry before we can blink.

Our national failure to react to the changing times has resulted in a generation with the “career stutters” – a large number of well-educated youngsters who can't seem to settle on what it is they want to do in life, who flit from job to job, or take jobs as barristas or sales clerks while they sort out what they really want to do.

“We need a national re-think,” says Donnalee Bell, a consultant with the Canadian Career Development Foundation (CCDF) and co-author of a report released this summer on career development services for Canadian youth.

“We know 60 to 70 per cent of youth don't access career development services. We know 60 per cent of kids shift their major or drop out of university.”

Add to that the fact young people can expect to change jobs seven to 10 times in their worklife and change careers two or three times.

Such career stuttering not only affects the economic fortunes of individuals, but is a drag on our productivity as a nation. As a nation, can we continue to enjoy the good life – improve our standard of living and compete globally – if we waste time and energy in this way?

Canada isn't alone in this challenge.

Around the world, nations seeking to compete globally face severe shortages of technicians, coupled with high rates of under-employment of college and university graduates, says Kenneth Gray, a professor of workforce education and development at Penn State

University in his report, *Skills Shortages, Underemployment and Youth: The Quiet International Dilemma*.

“Few involved want to talk about the worldwide growing numbers of underemployed four-year college graduates,” he writes. “It is somewhat of an embarrassment to public policymakers, government officials, universities and university graduates. It hints of educational and economic development policy gone wrong, of public investment wasted and unkept promises made to youth.”

Education was once seen as a personal and national economic salvation. Consequently, post-secondary enrolment dramatically increased in developed nations.

In 2003, 44 per cent of Canadians in their early 20s graduated from post-secondary programs, up from seven per cent in 1999, according to Statistics Canada.

Other countries have similar records. Gray points out that between 1950 and 1993, the percentage of youth enrolled in colleges and universities increased in Sweden from four per cent to 35 per cent, in France from four per cent to 50 per cent, and in the U.S. from six per cent to 81 per cent.

But he also notes a discon-



Photo illustration

College graduates often pay the price for education decisions by being stuck in low-paying jobs.

In the U.S. at the same time, 57 per cent of the workforce were in blue-collar trades, 25 per cent were technicians and only 18 per cent were professionals.

This has created a surplus of people with degrees, but a shortage of university graduates with the skills needed by employers – and hence, underemployment.

Estimates are that 30 per cent of college graduates in the U.S. in the late '90s were in jobs requiring high school-level skills. And that has sparked a trend for these grads to return to school to upgrade their skills to meet real-world requirements.

There's plenty of blame to spread around. Gray cites “poor decisions by both those charged with economic/workforce development, as well as students and their parents.”

“The business community has been guilty of not being good communicators in terms of their needs,” says John Winter, CEO of the B.C. Chamber of Commerce. Consequently, students, parents

and guidance teachers don't know the variety of career options, and teens are steered into educational institutions that continue to churn out grads without the needed skills.

Meanwhile, employers are reluctant to invest in employee training because better-trained workers are more apt to be poached by competitors.

“It's scary,” he says, looking at the labour market 10 years down the road.

As it stands now, many teens – and their parents – don't know the variety of jobs available or the skills needed to succeed in them, and don't have access to career development counsellors who can advise them, Bell points out.

Canadian policy makers are beginning to address the situation (the first summit involving politicians, educators and labour market organizations was held in 2003), but changing Canadian policy is like steering the Queen Mary – it takes a lot of time and distance during which time the world sails on by.

“Our challenge is education is a right of provinces, and what really needs to happen is a pan-Canadian approach,” says the CCDF's Bell. It means a change at every level – students, parents, primary, secondary and post-secondary educators, politicians and organizations representing labour and business.

Career development should be on the agenda for both the Council of Ministers of Education, Canada (CMEC) and Forum of Labour Market Ministers, Bell adds.

She also advocates national standards for career development practitioners and that they be employed in school systems to help students think about lifelong career management.

“There are a lot of stellar programs and tons of gifted career-development practitioners,” she says, but while some youth are getting exemplary service, the majority of youth are not using these services at all.

Bell also advocates a coherent national career-development strategy that would feature, among other things, laws guaranteeing students career-development services, requiring one course on career development in

education degrees and that career development be introduced as early as Grade 6.

“A critical point is Grade 6,” she says, but “in elementary school and junior high, career guidance is virtually non-existent.”

In junior high, options begin to narrow as students choose courses. It's not unusual for high-school graduates to discover they've made a mistake in choosing courses that means they have to backtrack to make up credits to meet requirements for post-secondary programs.

It's also not unusual that students are steered into post-secondary studies based on subjects in which they achieved good marks, rather than choosing a field that suits their personality and talents as well as future employability.

Although many students are floundering, Bell and Lynne Bezanson, co-author of *Career Development Services for Canadian Youth: Access, Adequacy and Accountability*, found “pockets of innovation” across the country.

Bell lauds Ontario for developing a guide on apprenticeships and skilled trades.

“Always before, the attitude was: ‘You go find the employer, then we'll help.’ But we're talking about 17-, 18-, 19-year-olds without many of the life skills that would allow them to approach and negotiate with employers,” she says. And with no master list of apprenticeships and employers, students were stymied. Now apprenticeships are multiplying.

She also gives kudos to the B.C. Chamber for its research projects on career development and employer partnership roundtables.

“We're trying to find community-based solutions,” agrees the chamber's Winter.

So is the B.C. government, which is asking stakeholders how best to design a new \$90-million tax employer credit program, part of a \$400-million investment in training, education and skills development. The chamber advocates that money be spent on increasing skills of the existing employee base.

And certainly, parents and students must be part of the solution.

@WORK from Page 18

Students with specialized skills in high demand

“Generally, graduates that have particular specialized skills (technical, linguistic) are in high demand,” says Marc-David Seidel, an assistant professor of management at the Sauder School of Business at the

University of British Columbia. “But the average student doesn’t have those skills.”

Seidel and Bell both suggest students taste a variety of options on the career menu.

At an early age, parents can get their friends and colleagues to talk to their kids about the good and bad aspects of their chosen field of work, by arranging job-shadowing and internships. Teens can build on that knowledge by volunteering and seeking out a variety of after-school jobs.

Seidel doesn’t see changing majors in university as a bad thing. “University is the place for experimentation” with various career options, he says.

He advises university students to devote one day a month to exploring those

options through shadowing experiences, internships, interviewing people about their jobs, volunteering and using their campus career services centre databases.

And when choosing a summer job, he advises: “Don’t concentrate on getting cash, but on increasing exposure to potential employers or building technical or linguistic skills.

“Getting out there and getting experience is more helpful in understanding what you want to do, as opposed to the results of an aptitude test” that purports to identify careers for which you are suited.

Young people are often naive in making career choices, he says. “They have glorified images of certain careers. For instance, they’re often sur-

prised when I tell them that if they want a career as an investment banker, it’s going to mean they’ll have to work 80 to 100 hours a week.”

A realistic preview can steer students away from choices that aren’t fits with their values or lifestyle, preventing some of the early-career stuttering.

Business can address the challenge on a policy level through their associations and professional organizations, which have the wherewithal to research conditions and solutions, the connections to influence education courses and the clout to change policy.

And on an individual level, business owners can address training and career management in their own organizations, creating opportunities for

students to job-shadow, intern and volunteer, and talking to young people about the rewards and rigours of the field.

And they can invest in their young employees. If no one will invest in training for fear their employees will be poached by a competitor, soon everyone will be drawing from the same impoverished pool of talent.

Politicians, educators, business and labour organizations can work together to establish standards and practices to address the situation.

And in 10 years, when today’s junior high-school students start entering the job market, they’ll get the chance to sing instead of stutter.

(Sharon Adams can be reached at sharon@businessedge.ca)

FRAUD from Page 16

Checks, balances ‘missing’

“It’s hard to tell which values are good and which aren’t, because what people are paying for houses now is nuts compared to what they were paying 10-15 years ago,” says Shorter.

Part of the problem, he contends, is the province’s land titles system and private registry setup.

“I’ve had (two) cases where someone has gone into land titles with forged documents and pushed them through to change title,” says Shorter.

After obtaining the title fraudulently through forged signatures, the fraudster took the title document to a lender to obtain mortgages. The victim wouldn’t know of the ownership switch unless he happened to check the title.

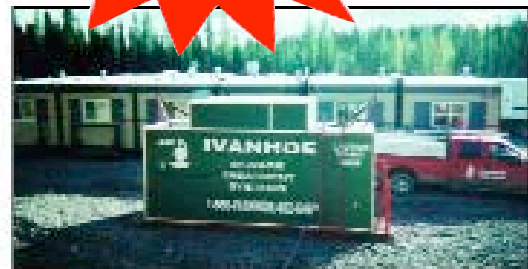
“The problem here is, with the system they have in place, you pay a fee for them to process it,” says Shorter. “If you find out after the fact that someone’s fraudulently taken the title out of your name, you have to go to court. You have to initiate civil action to reverse it. You have to incur the court costs and you have to get a civil restraining order or place your own caveat onto title to try and tie it up. The system is almost geared to being customer-driven. There are no checks and balances.”

Shorter says police, who face long investigations because of the many different parties they have to interview, are limited by a lack of resources and lenient fraud laws. As a result, Edmonton police made “a management decision” not to investigate mortgage fraud for about five years.

But given the sheer size of some of the frauds – and large volumes of money involved – investigators realized mortgage fraud could no longer be ignored. Now, says Shorter “something’s got to be done” to deter mortgage fraudsters.

(Monte Stewart can be reached at monte@businessedge.ca)

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– Joe Cappella, IV Consulting Services Ltd.

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– G. (Skip) Seydmore, Oilfield Consulting Ltd.

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Opinions

Sage words: A pinch of salt is a good thing

Departing columnist dispenses advice on stock market predictions

It seems like yesterday that we were pounding out the first column. Actually, it was six years ago.

How can we ever forget the unforgettable year 2000? Life was all roses and champagne and hot tips from shoeshine boys.

The bubble-headed stock

market resembled a stumbling drunk precariously leaning on a lamp post – but few investors had the foresight to administer a sobriety test. Hey, it's not easy to bolt the premises during Happy Hour, is it?

In October of 2000, when *Business Edge* launched its inaugural issue, **Nortel Networks** was flirting with its all-time high of

\$110 per share and a tipsy rookie financial columnist led off with a light-hearted piece about the perils of talking to strangers. Strangers with stock tips.

In retrospect, with Nortel, the one-time 800-lb. gorilla on the Toronto Stock Exchange, down a tad these days (OK, 98

per cent!), perhaps we should have been somewhat more assertive and somewhat less tongue-in-cheek. Which is to say we should have been chucking the old Remington typewriter off a rooftop and screaming, red-faced, at the top of our lungs, **SELL NORTEL!!!!!! THIS**

\$%##%&@# COMPANY CAN'T COUNT SHEEP!!!!!!!!!!!!

Undoubtedly, if we had done so, the editor would have promptly instituted drug testing for *Edge* scribes and a lynch mob of Nortel stockholders and cheerleaders (ie. analysts) would have sent **Tie Domi** to my house to abruptly terminate this scribe's career at

one column.

Instead, I could have spent the past six years hiding out in the bushes at Rabbit Lake, Sask., scaling slimy jackfish and missing all the fun. You know, the juicy scandals, starring **Nortel, Enron, WorldCom, VisuaLabs, Amaranth, Bernie Ebbers,**

FINANCIAL OPINION



Gyle Konotopetz
Business Edge



File photo by Shannon Oatway, *Business Edge*
Business Edge columnist Gyle Konotopetz didn't enjoy eating his words, with sour cream and perogies, after losing a bet.

Jeff Skilling, Conrad Black, Martha Stewart, Henry Blodgett et al.

During the go-go days of

Dot-Con and World-Con, if you didn't own **Nortel** or **Wi-Lan** or **Enron** or **Book4golf.com** – you were

a square. The age-old stock market mantra of buy low, sell high was out of fashion.

Warren Buffett, the world's most famous investor, was a dinosaur, resisting everything tech. You bought high, bought higher and bought highest. And boasted about it.

You didn't sell. Nope, you didn't even THINK about selling.

Then, as the market started to sober up and Nortel stock swooned from over \$100 to \$50 in about three months, many shell-shocked investors went into the denial phase, desperately averaging down, certain that they'd make a killing when the stock made its next charge to \$200.

Mind you, not everyone on the street was pounding the table on tech. There was the odd party pooper raining on the dot-com parade. **Ross Healy** was one of those scorned as an oddball money manager, taking on Bay Street almost single-handedly and courageously ranting about what he saw as a preposterous valuation for Nortel, this at a time when stratospheric price/earnings ratios over 100 were considered not nuts but sexy. Initially, Healy's Nortel call was generally dismissed by the masses as a crank call.

See **KONOTOPETZ**

Page 21

Tories struggle with greenhouse gas fallout

Vehicle emission standards talk causes uproar

Canada's Conservative government burst out of the starting blocks last spring like a sprinter on steroids, dazzling its supporters and confounding its opponents with a display of political decisiveness rarely witnessed in this country.

Among other things, Stephen Harper and his Tories cut the GST as they said they would. They introduced parental allowances for child-care expenses, as promised during the election. They threw the opposition for a loop by pushing for and winning a

quick vote on extending the military mission to Afghanistan by two years.

Our youthful and assertive prime minister and his cabinet made governing look easy. This fall, though, they are discovering that running Canada is a complex job that requires tough choices and astute juggling of regional interests. This has become evident from their attempts to introduce environmental measures aimed at reducing greenhouse gases and other harmful emissions.

In October, Environment Minister Rona Ambrose and four cabinet colleagues met with the heads of five automakers based in Canada, as well as Canadian Auto Workers president Buzz Hargrove, and outlined the government's plans to impose tough emissions standards on new

vehicles sold in this country.

The government was merely starting a process of consultation. It has not drafted a firm set of proposals and any new measures would not take effect until 2010. But mere talk of such an approach caused an uproar in Ontario. Business, labour and government all spoke with one voice and they were adamantly opposed.

Premier Dalton McGuinty, who pledged during the 2003 election campaign to close Ontario's coal-fired generating plants in order to cut greenhouse gases, stated: "The one thing we will not abide is any effort on the part of the national government to unduly impose greenhouse gas emission reductions on the province of Ontario at the expense of the auto sector."

Hargrove charged in a

Toronto Star op-ed piece that the government had "dropped a bombshell," and asked: "What kind of mischief is the Harper government up to here anyway?"

McGuinty and Hargrove both accused the government of ignoring the real culprits: Coal-fired power plants and the west's petroleum producers. "I certainly hope," said McGuinty, "that Ambrose will also call upon those who are responsible for the oil and gas sector in Western Canada and bring those folks into her office so that they may better understand how they're going to play a role in helping

OPINION



D'Arcy Jenish
Business Edge

the country address our emission challenges."

On this one, the premier and the labour leader have a point. A government with a western base, and a prime minister from Calgary, is not going to read the riot act to the titans of the oilpatch or do anything that's likely to offend them. That's why

the Tories are talking about a soft cap or intensity-based approach to emissions controls for petroleum companies, coal-burning utilities and others who are heavy producers of greenhouse gases.

See **JENISH**

Page 21

Construction company raising the roofs

Rooflifters finds way to increase space

By **Saul Chernos**
Business Edge

A Toronto-based construction company is looking to grow its business – and increase warehousing and other commercial space for customers – by raising roofs.

Rooflifters got its start a year ago when business partners Daniel Siegel and Marty Shiff, general contractors and co-owners of Planit Construction, bought Liftplate, a Miami firm that developed and patented a system for raising roofs off large-size but low-rise buildings in order to add vertical headroom.



Photos courtesy of Rooflifters

Rooflifters goes to work raising the roof on a large commercial building, above.

First, crib posts are placed underneath the main structural beams of a building. The posts are then welded into place and the supporting columns severed so the crib posts can hydraulically lift the entire roof.

Once the roof reaches the desired height, the columns, services and other infrastruc-

tures are reattached and the newly added space is enclosed with metal, brick, stucco or block cladding.

By taking single-storey buildings as large as several hundred thousand square feet and literally raising the roof, Liftplate developed a modest niche.

Siegel says vertical space is

needed in a modern distribution and logistics environment.

“There has been a fundamental shift of manufacturing from North America to overseas locations,” he notes. “Companies need warehousing and logistics space to distribute products, but the low ceiling heights of many existing indus-

trial buildings can’t accommodate such an operation.”

Planit Construction, a general contractor, specialized in commercial projects.

Siegel says he saw a Liftplate sticker pasted on a column outside a jobsite in Ajax, Ont., where the roof had been raised earlier. He investigated after a real estate agent suggested that some buildings might sell more quickly if they were slightly taller.

Siegel discovered that Liftplate had raised roofs on more than 30 buildings across North America over 15 years, working as a subcontractor.

Typical jobs included a five-foot lift for a 50,000-sq.-ft. Home Depot in Des Moines, Iowa, and a 15-foot lift for a 307,000-sq.-ft. General Motors plant in Detroit.

See **ROOFS**

Page 23

KONOTOPETZ from Page 20

Woeful track records prove no deterrent

When Healy, CEO of **Strategic Analysis Corp.**, pronounced in this column that Nortel was headed to \$18 in short order when it was trading in the \$50 range in early 2001, we also challenged him, vowing to literally eat our words if Nortel did hit his \$18 target.

About four months later when Nortel hit \$18, my alert editor **Terry Inigo-Jones** kindly reminded this rookie columnist of this significant milestone – and promptly booked a table at a Calgary eatery for the ceremonial column-eating debacle.

Healy’s office would request photos of the event.

That was the first great lesson learned from the great bull market: One must never

eat newsprint with perogies and sour cream.

The words stick in the teeth, not just the craw, adding insult to humiliation. Better to wash it all down with a bottle of Smirnoff.

Admittedly, there was one other lesson. Never, never make stock market predictions, particularly those that concern a razor-sharp falling knife (i.e. Nortel).

Silly stock market predictions that rarely an out have become the favourite pastime of the financial game.

The investment landscape is littered with shattered crystal balls and crushed egos but the soothsayers, nevertheless, persist in continuing to mislead the public.

Of course, the poor research

analysts have no choice in the matter. Despite a woeful track record and the fact that forecasting stock prices is a mug’s game, analysts continue to issue recommendations and 12-month price targets for stocks because that’s what they are paid to do.

Worse, many retail investors actually still give credence to those recommendations and numbers.

The growing obsession over making bold stock market predictions is not restricted to the sell-side analysts.

Fuelled by the pressure of stock market television and ratings-hungry commentators who exhort experts to “cut to the chase,” prognostication is all the rage. Even the buy-side analysts (i.e. fund managers)

have gotten into the act, presumably because they don’t want analysts to get all the credit for making asses of themselves.

If you’re wise, you make your calls on the market without providing a timeline – or at least a timeline in the current millennium.

It’s highly likely that you won’t be around to eat your words if you predict the price of gold will hit \$5,000 US per ounce or the price of oil will hit \$500 US per barrel some time before the year 2100.

Then there are those who seem to relish in shooting themselves in the feet with outrageous calls.

Brian Acker, the cocky CEO of **Acker Finley Asset Management**, told **Report**

On Business TV last year that his grandchildren would never see \$500 US gold. Within a few months, gold hit \$725 US per ounce and Acker’s grandchildren were famous.

Back in the sunny dot-com days, Acker probably would have been let off the hook for making a goofy call.

But times have changed and Acker, a regular guest on **ROB-TV’s Market Call** program, is constantly needed about that busted golden crystal ball.

It’s heartening to see a new breed of stock market player emerging in the game.

This one sports less swagger and bravado, and more modesty and cynicism.

And, most importantly, he or she comes armed with a measure of hard-earned savvy to shrug off some of the hype and nonsense that emanates from the street.

So, while riding off into the sunset, we take some solace in the fact that today’s investor has some street smarts to weather the storm – and wash it down with Smirnoff.

Before we go, one last prediction for old time’s sake. The sun will rise in the east. Some time before the next millennium.

■ **SAGE WORDS:** “Always drink upstream from the herd.”
– **Will Rogers.**

(Gyle Konotopetz can only be reached for a short time at gyle@businessedge.ca; but anybody with a hot stock tip is welcome to drop by Rabbit Lake, Sask.)

JENISH from Page 20

Demons of regionalism loom on horizon

Under this model, companies would be allowed increases in emissions as their output rises, provided they could demonstrate that their operations were at the same time becoming more energy efficient.

To average voters, and I’m one of them, intensity-based regulations are difficult to understand, they’ll be difficult to sell and they raise suspicions that nothing meaningful is being achieved.

Prime Minister Harper and his cabinet have steered their government into perilous waters. They have made the environment one of three top priorities for the fall session – crime and government

accountability being the other two.

They are learning that Canadians may be telling pollsters that they want something done about the environment. We may shudder at the thought of leaving behind a polluted and depleted planet for our children and grandchildren.

But who’s willing to turn down the heat in the winter, turn off the air conditioning in the summer, drive a smaller car, take public transit or otherwise do what it takes to make a difference?

If they are not cautious, the prime minister and his colleagues may unleash the demons of regionalism, which arguably destroyed Brian Mulroney’s

government and the old Progressive Conservative party. And then there was Pierre Trudeau, who thought he could ignore the inherent regionalism of this country. He handled the West as badly as any prime minister since Sir John A. Macdonald, and his party has paid the price for 25 years.

If they hope to avoid the fate of their predecessors, the Tories will have to come up with an environmental package that demands some sacrifice from everyone and balances regional interests rather than antagonizing them.

(D’Arcy Jenish can be reached at jenish@businessedge.ca)

Technology Edge

Tech tool rates projects for 'best practices'

A famous, much-beloved old cartoon depicts the implementation of a child's backyard swing as envisioned by the project sponsor, as implemented by the computer programmers and finally, as actually installed.

Of course all are completely dysfunctional contraptions, when what the user really wanted was a tire hanging from a rope.

The lasting appeal of this copyrighted image (www.robelle.com/library/smugbook/tree.gif) speaks volumes about the thorny problem of measuring the business value of technology projects.

According to Jack Keen and Bonnie Dirguis, authors of *Making Technology Investments Profitable*, "over 50 per cent of all information technology projects fail." Other studies say 30 per cent. Or 70 per cent. That's the problem, nobody really knows how to quantify the business value of a tech project, or even whether to celebrate success or mourn failure.

Enter Telus Corp., Canada's second largest telecommunications company, and specifically the part of Telus that tries to sell "solutions" to business.

Jeff Lowe, vice-president of energy sector marketing for the Burnaby-based company, acknowledges that it's not easy.

"Business value is really in the eyes of the beholder," he says. "It could be in the hard ROI, cost savings or increased revenues, but when you get into our public sector and health care clients, they describe business value very differently. They talk about increased client care, increased knowledge of our citizens or happier Canadians. So how the heck do you get your arms around that?"

How indeed? IDC Canada, with the sponsorship of Telus, has created an online tool that may shed some light on this subject. It's called BVIC – business value of integrated communications.

You answer a series of about 50 questions concerning a planned or completed technology project, and you're told how you stack up against your peers, on a scale of 1 to 100.

Online process helps quantify business value

"It's a best-practices model," says Lowe, "and it proved out in the research. Those who follow the 30 best practices have a higher correlation of business value."

Ron Murch of the Haskayne School of Business at the University of Calgary taught

Jeff Lowe in business school, so it made sense to see how his student was faring in the real world.

Murch also put a realistic project through the BVIC mill, helping the computer science department at the U of C to rethink a basic computer course designed for business students who don't intend

to major in the subject.

Armed with a \$30,000 grant, the team spent the better part of a year working on the project and plugged it into the BVIC model.

The results were fascinating. "There were four or five questions that really got me thinking along a dimension that I hadn't really spent very much time thinking about," says Murch. "One was in the

area of partners. We hadn't really thought about the fact that the students were a partner in this project. The checklist got me thinking that if we're designing the course for 2,500 students on campus, we should go and talk to the Students Union and others."

Murch found the exercise very beneficial, but a bit baffling. "I had a little trouble trying to figure out why Telus would be interested in doing something like this," he says, "because it's kind of generic. It's not particularly oriented towards the telecommunications industry or their products. So I was very interested to talk to Jeff about why they were being so altruistic in sponsoring this project."

Well the answer to that is pretty simple, according to Lowe – Telus realizes it has a bit of an image problem with business customers. "The telecommunications industry fundamentally has changed," he says, "and we've done some studies that show that there's pretty low awareness of what Telus specifically does. People, by and large, still think of us as the phone company."

What does the well-known Telus slogan "the future is friendly" mean for business?

Jeff Lowe waxes poetic on that subject. "It means masking the incredibly complex technology and the acronyms, and trying to keep up with the pace of it all, and figuring out what it can do for my business or my organization."

When reminded that the net costs of most technologies, from laptop computers to consumer electronics, keep on dropping, Lowe suggests we won't be seeing Wal-Mart style price rollbacks from his company. "The more we get engaged with them (business customers) about an actual solution versus commodity hype, the more those (price sensitive) conversations go away . . . the discussion moves away from pure cost."

He's frank about the fact that the BVIC tool is a way to generate business leads for Telus, and says they're training specialized representatives to follow up on them. Industry observers have suggested that fragmentation has been a problem at Telus, and some have even compared it with the "old IBM," where several different salespeople would call on a customer touting competing solutions.

At last count, Telus was up to 433 companies in its BVIC

database, and about 25 per cent had pursued it to the second level, which involves sitting down with a Telus rep. Like those online IQ tests, you can get your score, which Lowe calls "instant gratification" online, but you have to contact Telus if you want to see your full profile.

Is BVIC working as a door-opener for Telus? "We're getting new contacts in IT and the business side," says Lowe, "and they might not buy a solution from us today or this year, and from my perspective, that's fine. It's about slowly changing people's perceptions about what Telus is."

And, on that subject, they'll be no jumping monkeys or dancing elephants on the business side of Telus.

But, if you look closely, there are some reptiles and amphibians in Telus' business literature. It's a subtle acknowledgement that, when it bought Clearnet Communications in 2001, Telus not only got the Mike network, it acquired an identity that descends from the Clearnet frog.

The challenge now is to turn it into a business value princess.

(Tom Keenan is a professor at the University of Calgary and an expert on technology and its social implications. He can be reached at keenan@businessedge.ca)

FUTURE/ PRESENT



Tom Keenan
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ROOFS from Page 21

Procedure proves cost-effective to client

Liftplate's Canadian credentials included 7 1/2 feet added to a building for Simcoe Leaf, a tobacco company in southern Ontario, four feet to a Zellers store in nearby London, and the Ajax site, which eventually allowed a mezzanine to be added to a fitness club.

"I called Liftplate, but they weren't terribly interested in coming back to Canada," Siegel says. "But we called again and proposed a licensing arrangement, and discussions just evolved from there."

Liftplate soon ended up in Planit Construction's hands. Siegel says Liftplate founder and owner Peter Vanderklaauw died in 2004 and the company's successors wanted to grow the company, but needed extra muscle. Liftplate management maintains the Miami office, while Siegel and Shiff run the Toronto operation.

With 20 employees, the new entity – Rooflifters – scored its first contract earlier this year, refashioning a new Canadian distribution centre for John-

vince Foods, which owns the Planters brand in Canada and also handles private-label and bulk foods.

At 18 feet in height, the 70,000-sq.-ft. building in north-end Toronto was too low to accommodate the food company's distribution needs.

Rooflifters raised the height to 32 feet, providing Johnvince with an additional 1.12 million cu. ft. of warehouse space, and installed new columns and increased the number of shipping and receiving doors. The building had been vacant for 10 years, so Rooflifters replaced aging mechanical and electrical systems as well as a weak roof membrane.

"It came in around \$34 or \$35 a square foot for the entire project," Siegel says. "This is an extreme because it included revamping everything. If you were to tear down that building and build a 70,000-sq.-ft. building, it would probably cost in the \$70 range."

Siegel says retaining an existing structure minimizes red tape. "Once you tear down a building, everything changes. You need a site-plan approval, which can take six months to a year and you might not even get what you want. With our process everything is effectively grandfathered and involves just a straight renovation permit, which usually takes just a couple weeks."

John Logarakis, vice-president of special projects with Johnvince Foods, says the extra height will let his company use the tall, state-of-the-art pick-towers, conveyor belts and racking systems needed in a modern-day distribution environment.

"The old building could not accommodate these," Logarakis says. "If we used the building as

it was, the pick-towers would be too small for all our products."

Logarakis says Johnvince found the procedure cost-effective and environmentally friendly. "If we were to turn that whole building into rubble and start fresh, it would cost a whole lot more money than it's costing to just raise the roof and fix it up. We're just lifting the roof and adding steel."

With the Johnvince project under its belt, Rooflifters has close to a dozen potential projects under discussion, Siegel says.

"The evolution of the sale is quite long. Lifting roofs is completely unfamiliar to the industry, even to structural engineers with lots of experience.

"Clients tend to want to explore all their options, and this includes tear-downs, moving, leasing and acquiring a building. We knew that our first year was going to be a developmental year."

James Kirby, senior technical director with the National Roofing Contractors Association in Rosemont, Ill., says he was unaware of any construction companies lifting roofs in order to add vertical space, but considers the idea viable.

"It's just a different type of construction methodology. There are companies that move buildings and houses, or raise them up if there's a flood issue or to redo the foundation. But I don't know of anybody who's actually lifting a roof or the upper structure of a building to put in additional space. So, this is a little bit new to me."

Kirby does recommend that building owners considering a roof lift ensure that contracts spell out responsibility for any damage that might occur.

"From a very conservative

standpoint, I would think you'd want to make an assessment of the roof system prior to the work being done and then do a damage assessment afterwards."

As part of its efforts to build the business, Rooflifters is taking its message to government.

"Municipalities across North America are losing millions of tax dollars and revenues to newer and higher buildings in the suburbs," Siegel says. "It's cost-effective to re-adapt existing commercial structures and it keeps business within their borders."

Siegel says the company made a presentation to the City of Toronto's economic development office in September, and also met in July with Ontario MPP (York West) Mario Sergio.

"We're promoting the revitalization of older areas where these buildings are," Siegel says. "The city could be collecting business revenues from buildings that are now vacant. So why not come up with some sort of a program or tax abatement to encourage businesses to buy and lease these older buildings?"

Ronald Rea, a manager with the Toronto economic development office, says he only knew of one roof raised in the city during the 20 years he has been with the organization.

"One of the reasons companies are moving is they're looking for modern buildings elsewhere, with greater heights underneath the joists," Rea says.

"If we can persuade a company to raise the roof to allow for more warehousing space, so they don't need to relocate outside Toronto, then we've saved jobs and taxes."

(Saul Chernos can be reached at chernos@businessedge.ca)

Corporate dress codes evolving

Face of young workers change with body art

The Canadian Press
The Associated Press

Colleen Harris doesn't fit the stereotype of the buttoned-up librarian.

Her arms are covered with a pirate-queen motif and black scrolling designs, which extend down the side of her body to her ankle. A black rose and the words "Dangerous Magic" adorn the back of her left hand, and the words "Anam Cara" (old Gaelic for "soul friend") letter her knuckles.

The 27-year-old – who has multiple master's degrees and a job at the University of Kentucky's research library – feels no pressure to cover up.

"It's not really possible at this point, unless I wore gloves," Harris said, adding that she thinks academia has been more accepting of her body art than the corporate world would be. "I think my qualifications should speak for themselves."

The face of the young North American worker is changing, and it's increasingly decorated with ink and metal. About half of people in their 20s have either a tattoo or a body piercing other than traditional earrings, according to a study published in June in the *Journal of the American Academy of Dermatology*. That figure is growing, said Anne Laumann, the study's co-author and a dermatologist at Northwestern University.

As a result, employers are finding that dress codes may need updating. In some cases,

bosses are loosening up to attract young talent. In others, managers are adding new rules to keep body art covered up.

"In the past, there were very general dress codes. Now, I see dress codes that are five pages long," said David Barron, an attorney. "Employers see a need to be very, very specific, and draw lines very clearly."

At the medication flavouring company Flavorx – where the average employee is about 28 years old – chief financial officer Woodie Neiss recently told human resources to add a body-art section to the dress code, after an employee showed up to work with an eyebrow piercing.

A sizable portion of his 40 employees have body art, Neiss said. He knows it because he's seen them show it off to each other in the office.

"Do whatever you want to your body, but I don't want to be subjected to it in the workplace," Neiss said. He added that body art can be a distraction, and especially important to hide when investors visit the office.

Usually, it's a simple matter of discussion and compromise. Most piercings are on the face, according to the recent study, but they can be removed.

For some companies, allowing body art can be a boon – it attracts young workers that may not feel welcome in more conservative environments, said Paul Forster, CEO of the job search website Indeed.com. Forster allows body art in the office, and about a quarter of his 25 employees have it.

"Most work is done via e-mail, instant message, over the phone. We don't have those face-to-face issues," Forster said.

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