

SATURDAY, JULY 28, 2012

OREGONIAN INDEX

WALL STREET

↑ **+1.42%**
↑ **+4.67**, 333.29

↑ DOW JONES **+1.46%**
↑ **187.73**, 13,075.66

↑ S&P 500 **+1.91%**
↑ **25.95**, 1,385.97

↑ NASDAQ **+2.24%**
↑ **64.84**, 2,958.09

↑ WILSHIRE 5000 **+1.88%**
↑ **266.61**, 14,457.19

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CSAL

Ad blitz supports regional exports

By SCOTT LEARN
THE OREGONIAN

A new trade group that includes the three largest coal mining companies in the West began a media campaign this week, with television, radio and print ads to support exporting coal from Northwest ports.

The move by the Alliance for Northwest Jobs & Exports ups the ante in the Northwest's high-stakes debate over coal.

Its 22 members include coal terminal developers, railroads, business and union groups and the three largest mining companies in Montana and Wyoming's Powder River Basin: Peabody Energy, Arch Coal and Cloud Peak Energy.

It also includes two Portland companies, Gunderson Marine and Vigor Industrial, that stand to gain millions in coal barge business if Ambre Energy's plans to develop a Columbia River terminal go through.

Ambre's Morrow-Pacific project is one of six potential terminals in Oregon and Washington to export Powder River Basin coal to Asia.

All told, the projects include upwards of \$2 billion in investment at full capacity — about 150 million tons of coal exported annually.

Charlie Burr, an alliance spokesman, said television advertisements will begin this week. He did not release the extent of the advertising buy. He declined to say the amount of money the alliance is committing to the effort.

The television advertisement, included on the group's website, emphasizes the "thousands of jobs" that could be generated by terminal development at full capacity.

Direct, permanent jobs at the terminals total more

Hedge funds suit expands

RETAIL



DOUG BEGHEL/THE OREGONIAN

Lisa Herlinger (center), owner of the ice cream sandwich company Ruby Jewel, prepares for today's opening of a second scoop shop at 428 S.W. 12th Ave. in Portland. Herlinger, whose ice cream treats are among the city's pioneers of small-batch treats made from locally sourced products, operates the business with her sister Becky Burnett.

Portland sets sweet-treat trends

By LAURA GUNDERSON
THE OREGONIAN

The No. 72 chugged down Northeast Alberta Street full of folks heading home from work and, as usual, passed Salt & Straw.

In typical fashion — rain or shine, early or late — there was the line out the door of the year-old gourmet ice cream shop.

Commuters turned to gape, their faces incredulous at what's become a neighborhood spectacle. And their assessment was clear: "People! It's just ice cream."

Not just any ice cream, actually. These handmade confections are made with ingredients that are harvested, roasted or distilled locally and include flavors ranging from olive oil to honey balsamic strawberry with cracked pepper for \$3.75 a scoop.

In the Portland area, a number of similar "farm-to-cone"



Jason Monge wheels ice cream into Ruby Jewel's new westside shop, which will feature a soda fountain, homemade soft serve ice cream and candy made on-site.

ice cream concepts are popping up and the rest of the nation is on our sticky heels. Saveur magazine recently listed 16 top shops — Salt & Straw among them — some in less-than-hin locales of At-

lanta; Columbus, Ohio; and the Twin Cities.

Before hoity-toity ice cream, however, there were other trendy treats in our recent snacking past: doughnuts, cupcakes, gelato, handmade

chocolates and, making several comebacks over the past few years, frozen yogurt. Already, there are hints of what's in store: Pudding shops are proliferating in New York City, and there are new twists on pie — hand pies, frozen and lollipop-esque pie pops, which are the rage in Seattle.

Local chefs, restaurant consultants and customers say that often, splurging on small indulgences helps folks survive their more constrained budgets. They're willing to spend a little more, especially, if a local business has a unique idea and uses high-quality, local or sustainable products.

Yet consumers' loyalty, regardless of the product, is usually limited. Just as bell-bottoms ebb and flow, so do consumers' cravings. Small operators must catch the wave, ride it well and hope that when customers are lured

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Investors in Grifphon Asset Management and Sasquatch Capital call the funds a Ponzi scheme that cost them \$14 million

By BRENT HUNSBERGER
THE OREGONIAN

When Yusaf Jawed put \$200,000 down on a penthouse condo in The John Ross building, he didn't use his own money, his investment clients allege.

The money manager used money from one of his hedge funds, according to an amended lawsuit filed against him by investors. He then accounted for it as a fund investment worth \$450,000.

That asset is now worthless, the lawsuit alleges. The fund never finished buying the condo on Portland's South Waterfront, and Jawed forfeited the earnest money. He also defaulted on paying an electrical contractor \$39,000 for its high-end sound system, the complaint says.

Those details are among the new allegations found in an amended complaint filed late Thursday in Multnomah County Circuit Court. In it, nearly 60 investors of Grifphon Asset Management in Lake Oswego and Sasquatch Capital in Portland allege the failed hedge funds amounted to a 13-year Ponzi scheme that defrauded them of \$14 million.

The expanded lawsuit also takes aim at Perkins & Co., a major Portland accounting firm, for its work with the failed funds.

Michael Esler, a Portland attorney representing the investors, said the losses likely affect more investors and exceed \$35 million.

Sasquatch and Grifphon initially set minimum investments at \$100,000, a requirement to maintain their status as a loosely

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Lawsuit

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regulated hedge fund. (The theory being that big-dollar investors know how to protect themselves and don't need as much of a government safety net.) But the fund managers accepted investments of far less money — as little as \$10,000 — on multiple occasions, the lawsuit alleges.

"They were taking money from people who really never belonged in hedge funds in the first place," Esler said.

The Federal Bureau of Investigation, U.S. Securities and Exchange Commission and Oregon Division of Finance and Corporate Securities opened investigations.

First filed in October, the lawsuit as amended names Jawed, his former colleague Lyman Bruhn, Perkins and accountants Fred Williams and Hoang Nguyen as defendants. It also names Bruhn's wife, Sheila.

Bruhn on Friday declined through his publicly appointed defense attorney to comment. Attorneys for

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Jawed, Perkins, Williams and Nguyen did not return emails seeking comment. Officials at Perkins did not return emails.

Bruhn and Jawed helped start Sasquatch Capital in 1999 with Tim Cremere, who has since died. Cremere left in 2001, the same year Jawed left to launch Grifphon.

The lawsuit accuses Jawed and Bruhn of violating state securities laws and breaching their fiduciary duty to put investor financial interests ahead of their own. It accuses Perkins and its accountants of malpractice and aiding in the fiduciary breach.

It alleges the defendants misled investors about Jawed's regulatory and legal history, the funds' poor returns and accusations among insiders that money was being misused.

Among the new allegations:

• Perkins & Co. knew in 2001

that Bruhn, Cremere and Jawed had accused one another of mispending investor money.

In a December 2001 email copied to a Perkins accountant, Cremere resigned from Sasquatch, claiming Bruhn had paid himself a salary of \$350,000 in 2000, took out \$60,000 in loans that weren't repaid and used a company credit card for \$500 advances in Las Vegas.

Perkins' Williams brokered a settlement between Jawed, Bruhn and Cremere in which each agreed to repay one-third of the \$245,000 they had misappropriated from Sasquatch, the complaint alleges. Those repayments were eventually halted, according to an email Williams and Perkins received.

• Perkins prepared tax information for investors with inflated investment values and fictitious income.

• Grifphon bought bonds from Sasquatch at one-third their face value, then logged them at a much higher value on Grifphon's books. By 2008, Grifphon stated the value of these Sasquatch bonds at \$5 million.

• In internal memos, Jawed in 2004 and 2006 characterized Grifphon's financial

state as "horrid" and a "total disaster" and tried to raise more than \$20 million from investors to cover for it.

• Perkins and Williams failed to tell investors the firm had withdrawn from representing Sasquatch and Grifphon because the funds kept poor records and could not verify the existence of assets.

• Grifphon created fictitious investments, including undocumented loans to Bruhn, Jawed and Cremere and "Ponderosa Bonds" valued at \$7.1 million that appear to be a sham.

• A few investors who complained enough were able to get money out "because Jawed and Bruhn needed to avoid negative publicity and regulatory attention in order to keep the Ponzi scheme afloat," according to the lawsuit. "Those 'redemptions' were paid for by money from new investors."

The amended complaint drops allegations against Daniel Kloucek and Terence L.O. officers and managers of some Grifphon funds, and Jawed's ex-wife, Fernanda DeClercq.

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PEOPLE

TECH

Jim Bridges has been named director of sales for OregonLive.com. Bridges previously held the position of director of real estate for Advance Digital Inc. He also previously served as director of sales for OregonLive.com from 2001 to 2004.

REAL ESTATE

Princeton Property Management has added Leif Anderson as director of business development. Anderson brings 15 years of real estate experience and most recently



Anderson
Princeton
Property
Management



Barton
Pacific
Residential
Mortgage



Dierickx
Pacific
Residential
Mortgage



Patterson
Pacific
Residential
Mortgage

worked for Metro in property acquisitions. Pacific Residential Mortgage has appointed Jari Barton, Alan Dierickx and Brian Patterson as senior mortgage bankers. Dierickx will work in Lake Oswego,

Patterson in Clackamas and Barton in Lake Oswego.

HOSPITALITY

The Original Dinerant in Portland has said farewell to

Meaghan Goedde, its general manager since its opening in 2009. Replacing her is Troy Christian, who has held previous positions in Portland at Alameda Brewhouse and Pazzo Ristorante.

EDUCATION

The Portland Community College board of directors has added Denise Frisbee, former vice chair, as the chair of the board, and Deanna Palm as new vice chair. They will be responsible for overseeing the budget and overall policy direction of the college.

— Mark Graves