

Business

Economist: It's not over yet

■ 'Another long road to recovery' was predicted for 2010 by keynote speaker at VIA's business-to-business show

By Josh Premako
Signal Senior Writer

Los Angeles County isn't out of the economic woods yet, an economist told local business professionals Thursday.

The county unemployment rate in May was 11 percent — the highest since 1982 — and may skyrocket past 12 percent through 2010, said Carrie Rogers, vice president of business assistance and development for the Los Angeles County Economic Development Corp.

The national unemployment rate is currently about 9.4 percent, she said.

Rogers was the keynote speaker

for the Valley Industrial Association's monthly luncheon, which coincided with VIA's business-to-business industry show this week.

While county unemployment dropped four-tenths of a percent between April and May, Rogers said it is expected to climb.

The three industries hardest-hit in Los Angeles County are construction, manufacturing and retail, Rogers said.

The current recession began in December 2007, and she said economists expect it to bottom out this year before the economy begins to improve with "weak growth" in 2010.

Rogers said this is the longest-

running recession since World War II.

"We're going to have a rather long road to recovery," she said.

Turning to Hollywood, she said the filming industry is feeling the effects of so-called runaway productions, the term for film or TV productions lured to other states because of tax incentives.

As an example, Rogers said 120 feature films — at a typical cost of about \$70 million — are set to be completed in 2009. Of those 120, she said only three will be done in Los Angeles County.

All the news isn't doom and gloom, though, according to Rogers.

She noted that Santa Clarita has seen a 13-percent increase in filming days this year.

Indeed, filming ranks high in the city's recently approved 21-point economic development plan. The \$150,000 film incentive program recognizes three tiers of eligibility.

The first level of the incentive program eliminates nearly all permit fees for Santa Clarita-based productions that do at least 65 percent of their principal photography in Santa Clarita. A production company in the first tier could reportedly save up to \$20,000 annually through the incentive program.

In the second level of the program, the city will subsidize basic

permit fees for production companies that film more than six times a year in Santa Clarita.

The third level of the plan rebates half the transient occupancy tax collected when productions require local hotel stays. Within city limits, the tax is 10 percent.

Rogers also said the LAEDC has developed a business outreach program, keeping in mind that representatives from more than 40 states "are visiting California and Los Angeles County trying to take business."

"We're the state's economic driver. The impact is going to be felt far and wide when something happens to Los Angeles County."

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First quarter wipes out \$1.3 trillion for America

■ Economic recession shrinks country's net worth to 2004 levels, economists say

WASHINGTON (AP) — The brute force of the recession earlier this year turned back the clock on Americans' personal wealth to 2004 and wiped out a staggering \$1.3 trillion as home values shrank and investments withered.

Net worth, or the value of assets such as homes, checking accounts and investments minus debts like mortgages and credit cards, declined 2.6 percent in the first three months of the year, the Federal Reserve said Thursday.

Those months were some of the worst of the recession so far for job losses, and the stock market sank to its lowest point of the year in March. Since then, some signs suggest the economy is stabilizing.

Still, partly because of the carnage earlier in the recession, Americans are putting plans on hold until the economy improves.

B. Smith, a conductor for a Chicago commuter rail line, is waiting to buy cars for two of his children. He spent \$260,000 to build his suburban Chicago home about 10 years ago and watched its value spike to \$380,000 in January 2008. Today, it stands at about \$310,000. "I'm still ahead, but I'm not as ahead as I was before," he said.

Even if things improve, such a dramatic evaporation of wealth will probably make Americans more thrifty down the road, said Scott Hoyt, senior director of consumer economics at

Moody's Economy.com.

"The bulk of consumers alive today have not experienced declines in wealth like this," Hoyt said. "They are already turning thrifty, and it will stay that way beyond the short term. This has been a significant learning experience."

Americans' personal savings rate zoomed to 5.7 percent in April, the highest since 1995. And the amount in savings — \$620.2 billion — was the most on record dating to January 1959.

One way to save: Maurice Boler, a management consultant, said he does many repairs himself on his Indianapolis home rather than pay someone else. "I just take a little bit longer," said the 53-year-old father of four, three of whom live at home.

Even if the economy recovers and starts to thrive again, he said he probably won't break out the credit cards again. "It's really not about stuff," he said. "Stuff is nice, but life is not about how much more stuff can we get."

According to the Fed report, the biggest damage to wealth in the first quarter came from the sinking stock market. The value of Americans' stock holdings dropped almost 6 percent from the final quarter of last year — in a market that was already brutal.

The Wall Street slide that began in 2007 wiped out more than half the value of the U.S. stock market, but investments have bounced back.

Financial institutions are not released. They pay just 0.50 percent in interest for the emergency loans.

In another encouraging sign, the report showed the Fed's net holdings of "commercial paper" averaged \$140.8 billion over the week that ended Wednesday, a decrease of \$4.3 billion from the previous week.

Protect yourself from ID theft

Like an Old Testament plague, identity theft has infected modern Western culture. What sometimes goes unnoticed is that businesses have become prime targets for identity thieves. Today, business owners face not only scam artists anxious to steal their business identities but also civil liabilities for failing to protect their employees' personal information.

As this outbreak unrolls, how can a business protect itself?

First, some facts regarding identity theft:

■ A study released in February of 2008 by Javelin Strategy and Research, and cited by Sheyna Steiner in her Bankrate.com article, "The Costs of ID Theft," sets the price tag for 2007 at \$45 billion. In Steiner's words, "the scope of the problem still scrapes the stratosphere."

■ According to the Identity Theft Resource Center, 2008 saw a total of 574 breaches (illegal trespasses into personal information) of consumer data, for a total of 33,593,557 personal records swiped.

■ The largest number of these breaches occurred at businesses. Businesses accounted for the illegal exposure of 5,705,628 records, or 35.2 percent of the total records stolen during 2008.

■ Joseph Campana, writing on the Wisconsin Technology Network Web site (Sept. 19, 2006; wistechology.com) indicates that "over half of the 10 million new IDTs (identity thefts) each year originate from a place of business."

How are businesses placed at special risk of identity theft? Two major risk categories arise: 1) vulnerability of losing personal data collected by the business; and 2) fraudulent use of a business identity.

First, businesses account for the greatest number of data breaches. ID thieves wield several weapons to steal business information. Data breaches occur when company laptop computers are stolen (10,000 laptops were stolen during 2007 from U.S. airports), when hackers penetrate

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It's The Law

computer systems or when disgruntled employees pirate information internally. State and Federal laws demand that business owners protect consumers' (and employees') personal data. Violation of that trust can bring crippling fines.

Furthermore, a company that fails to protect consumer data can become the target of expensive liability lawsuits. Bottom line: Businesses must carefully audit all security procedures for collecting, managing, and safeguarding data.

Second, ID thieves can create havoc with access to a company's Employer Identification Number (EIN). New accounts can open, existing accounts can be drained or unauthorized purchases can be made. Such violations not only cause financial losses, but in-

flict a fatal wound to a company's reputation.

What steps can businesses take to protect against this growing scourge?

Educate yourself and your employees regarding ID theft issues. The data your business collects, from employees, customers, and vendors, constitutes one of your most precious assets. Guard that data. Several excellent Web sites are: www.InsideIDtheft.info; privacyrights.org; pogowasright.org; The Breach Blog, attribution.org; idtheftcenter.org; and the Federal Trade Commission Web site, (www.ftc.gov).

Third, audit your entire operation, from top to bottom, with security in mind. How is your information secured? Who has access to sensitive information? How much of the information you collect is truly necessary? How secure is your company's computer system from

hackers?

Finally, contact your insurance representative immediately and request an explanation of what specific coverage in your policies applies to data breaches and identity theft losses.

As President Kennedy once observed, "The time to fix the roof is when the sun is shining."

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In Brief

Banks cut borrowing from federal program

WASHINGTON (AP) — Banks cut borrowing from the Federal Reserve's emergency lending program, while investment firms took a pass for the fourth straight week, a sign some credit problems are easing.

The Fed on Thursday said commercial banks averaged \$36.9 billion in daily borrowing over the week that ended Wednesday. That was down from \$41.9 billion in the week ending June 3.

Investment firms didn't draw any loans over the past week from the Fed program. The last time they drew any money — just \$482 million — was in the week that ended May 13.

The identities of the fi-

Local stocks

How stocks of companies with businesses in the Santa Clarita Valley performed Thursday:

Company	Close	Chg.
Bank of Snt Clrta	\$8.00	—
Berry Petrolm.	\$22.21	-0.04
Carnival Corp.	\$23.73	-0.12
Lennar	\$8.20	-0.46
Woodward	\$21.78	-0.47
Westfield	\$8.80	—

SOURCE: The Berger Group at Smith Barney, Glendale

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SCV BUSINESS SPOTLIGHT

Sid's

Hair Salon and Mixed Martial Arts

Don't waste yourself in rejection, nor bark against the bad, but chant the beauty of the good.

- Ralph Waldo Emerson

For the last 31 years in the Santa Clarita Valley, Sid Molina, owner of Sid's Hair Salon has been helping people chant the "beauty of the good" in their own lives both inside and out. Sid's Hair Salon, as a full service salon and the recently opened, Sid's Mixed Martial Arts studio next door have a goal of helping the community, especially in these times of extreme stress and strain, not only look good on the outside but through the venue of martial arts, look good on the inside as well.



In today's economic chaos, being able to feel genuinely good on the inside and the outside is a treasured commodity. Looking good creates confidence and a sense of surety about one's self, which could lead to better career positions, better everyday relationships and eventually even a better everyday life. Sid's Hair Salon & Mixed Martial Arts has a focus of helping people create a whole concept of fitness and beauty in their everyday lives. It is actually the whole reason that the business exists in the first place.

So all of this looking good — can't this be costly? Keeping prices affordable is another one of the goals of Sid's Hair Salon and Mixed Martial Arts studio. By offering an array of affordable hair care products, a day spa with fitness and martial arts classes, along with a full matrix salon and a friendly staff with superior customer service. Their website is full of discount coupons and special events for the community to participate in and always with the idea of keeping things excellent and affordable.

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