SATURDAY
SEPTEMBER 29, 2007
HOUSTON CHRONICLE
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BUSINESS

COMING SUNDAY

■ As Houston's Indian-American community grows, its three newspapers and numerous specialty publications are attracting the attention of mainstream advertisers.

DIGEST

REGULATION

Bristol-Myers settles civil case

Bristol-Myers Squibb Co. and a former subsidiary have agreed to pay more than $515 million to settle federal and state investigations into their drug marketing and pricing.

Among the allegations settled Friday was a charge that the New York-based pharmaceutical company illegally promoted the sale of Abilify, an anti-psychotic drug, for pediatric use and to treat dementia-related psychoses. Neither use is approved by the U.S. Food and Drug Administration. Prosecutors have no evidence that anyone was harmed, U.S. Attorney Michael Sullivan said.

ASSOCIATED PRESS

FINANCES

Ex-French official will lead IMF

WASHINGTON — The International Monetary Fund chose France's Dominique Strauss-Kahn as its new leader Friday to chart a new course for the 185-nation lending organization.

STRAUSS-KAHN

Strauss-Kahn, 58, a former Socialist finance minister, replaces Spain's Rodrigo de Rato on Nov. 1 and will serve a five-year term.

Lately, countries are not borrowing as often as they did, so operations funds are down, staff cuts are imminent, and the IMF may have to sell gold reserves to make ends meet.

ASSOCIATED PRESS

COMMUNICATIONS

AT&T may test online White Pages

RALEIGH, N.C. — Start looking for a new doorstop.

AT&T said Friday it wants to try delivering its White Pages online rather than on front porches, noting the effort could save 4 million pounds of paper per year in two test cities.

The San Antonio-based telecommunications provider petitioned the North Carolina Utilities Commission on Friday to allow the company to test the Web-based phone listings in Raleigh and Charlotte. Under the proposal, customers will still get the Yellow Pages — which AT&T says remains a much-used tool — and can request to get a hard copy or a CD-ROM of the residential White Pages. The public could also call a phone number to access an AT&T directory.

ASSOCIATED PRESS

TECHNOLOGY

Deal gives Chinese firm stake in 3Com

BOSTON — Network equipment maker 3Com Corp. is giving up its independence in a $2.2 billion buyout by Bain Capital Partners.

The cash deal announced Friday also gives Huawei Technologies, China's largest telecommunications equipment manufacturer, a minority stake in the technology pioneer — something that could raise eyebrows in Washington.

Edgar Masri, president and CEO, declined to specify how large of a minority stake Huawei would have in 3Com — potentially a sensitive issue, since some U.S. politicians have complained about Chinese firms buying stakes of U.S. companies. 3Com said it would make public details of Huawei's involvement in coming weeks.

ASSOCIATED PRESS

DINING

Kevin Munz's first restaurant will be 38,000 square feet, 10 times larger than a typical eatery, and will seat 700

KIM CHRISTENSEN : FOR THE CHRONICLE

TAKING A BIG CHANCE: Kevin Munz has pumped $10 million in his Cullen's Upscale American Grille, a 38,000-square-foot restaurant named after his son, which is scheduled to open in the Clear Lake area in January.

A BIG PORTION ON CLEAR LAKE MENU

By DAVID KAPLAN
HOUSTON CHRONICLE

WHEN Kevin Munz makes his less than bashful entrance into the restaurant business, Clear Lake may feel a bit more like Las Vegas.

His Cullen's Upscale American Grille, set to open in January, will be about 38,000 square feet, which is gigantic, about 10 times larger than a typical restaurant.

His lounge will have a fiber-optic floor, a player piano and — far more rare — a player violin.

Cullen's will boast 56 large LCD screens projecting art by the masters, thousands of images changing every few minutes.

An all-glass private dining room, suspended high in the air, will allow its diners to hover above the masses. They can pre-order their china pattern in their choice of Wedgewood, Versace or the Titanic.

A concept this extravagant could sink like a great ship or rake it in like a casino.

Munz, a River Oaks resident who made his money in pawnshops and the software to run them, is betting $10 million on Cullen's.

It's a golden opportunity, he believes, because his research shows the market for upscale restaurants around Clear Lake is underserved. And he's convinced that the lessons he learned from pawnshops translate to upscale dining.

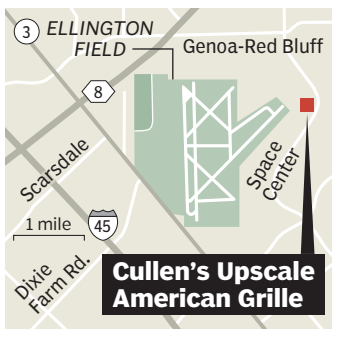
Cullen's is not styled after any one restaurant.

"I've been all over the U.S. and looked at restaurants. It's the best of a bunch of

Please see **BIG,** *Page D5*

MIKE TREADWAY ARCHITECTS

FLAIR FOR THE EXTRAVAGANT: When complete, the massive restaurant's interior will boast 56 large screens projecting fine art.



ROBERT DIBRELL : CHRONICLE

Union leader: 'We're happy with this stuff'

The UAW's local chiefs endorse its proposed contract with GM. Now it's up to the 74,000 members.

STORY ON PAGE D3

Texas home market at risk

■ State feeling the effects of national slump, economist says

By THOMAS KOROSEC
HOUSTON CHRONICLE

GRAPEVINE — Texas' market for new single-family homes is tied to dismal national housing trends that will remain unfavorable until the middle of next year even if the overall economy stays healthy, a homebuilders' economist said Friday.

"Boom times for the national markets were also boom times for some of Texas' local markets, which also went into unsustainable growth," said David Seiders, chief economist for the National Association of Homebuilders, who spoke to Texas builders at their annual convention in Grapevine near Dallas-Fort Worth International Airport. "We're seeing that downturn in our numbers."

In the first eight months of this year, issuance of building permits for single-family homes dropped 21 percent in Texas compared with the same January-August period in 2005, near the market peak, Seiders said.

Nationwide, the decline was 36 percent.

Within the state during that period, Houston fell 12 percent and Austin 18 percent.

Elsewhere, the hottest markets have fallen the furthest, Seiders noted. Permits are down 61 percent in Florida and 51 percent in California.

While home starts in the Houston area are down as well, much of the slowdown is concentrated in the lower end of the market.

Please see **BUILDERS,** *Page D5*

BUSINESS OF GIVING

Halliburton workers choosing charities

HALLIBURTON has put a lot of its charitable giving into the hands of its employees.

Each year, more than 900 grant and sponsorship applications from all over the globe are filtered through two community relations review boards made up of executives and staffers. That's one board each for the globe's western and eastern hemispheres.

Company-sponsored volunteer councils in more than 20 locations around the world identify local projects in need of one-day or long-term time commitments for employees looking for volunteer opportunities.

The Giving Station is the oil-field-services contractor's online Web site where employees in the United States, Canada, the United Kingdom and Australia can make annual contributions and pledges to any 501(c) organization they want and

SHANNON BUGGS

Please see **BUGGS,** *Page D5*

Company sweeps up behind loan crisis

By PURVA PATEL
HOUSTON CHRONICLE

Years ago Oxford Funding helped clean up after the savings and loan crisis, buying up loans from failed thrifts and reselling them.

This summer, three former employees of the firm regrouped and formed a public company under the same name to clean up after the subprime mess.

Skittish lenders and investors who don't want to hold on to portfolios of loans made to people with weak credit are selling them off at discounts to companies like Houston-based Oxford Funding Corp.

Also, banks that must keep sufficient reserves in case the loans default sell to Oxford to free up their money.

Companies like Oxford serve another clean-up function: They help financially stressed homeowners, whose

Please see **OXFORD,** *Page D5*

INVESTING

Safety in numbers

Third-quarter returns from large-capitalization growth funds far outpaced those of other diversified equity funds. **PAGE D2**

MARKETS AT A GLANCE

Dow	Nasdaq	S&P	Oil	Natural gas
■ 13,895.63	■ 2,701.50	■ 1,526.75	■ $81.66	■ $6.870
■ -17.31, -0.1%	■ -8.09, -0.3%	■ -4.63, -0.3%	■ -$1.22, -1.5%	■ -4.9 cents, -0.7%

BIG: Diners will order from touch-screen PC

CONTINUED FROM PAGE D1

different concepts and putting them into one, Munz said. "It's the same thing I did with pawnshops."

Noting that the typical pawnshop is about 3,500 square feet, he said: "When I opened a 12,000-square-foot pawnshop, I said, 'I'm not going to do four times the business, I'm going to do six times the business.' We became the biggest and the best, and the largest independent chain in the city" partly by providing more services.

Named for son

The restaurant is named after Munz's 14-year-old son, Cullen, and the suspended private room, "Macy's Table," after his 12-year-old daughter, Macy.

At the restaurant, which will seat 700 people, diners will order wine from a touch-screen tablet PC at their table. Cullen's will sell California wine under its own label and also offer 750 wine labels.

Munz is building a lake across the street.

Other features at Cullen's will be a live music stage with concert lighting and an upstairs deck with fire pit. While the place may be designed with Vegas-like features, Munz says he has no intention of bringing in gambling, should it become legal.

"We're gonna fill it up with big eaters," he said.

He isn't the first local entrepreneur with a flair for the extravagant. The late Glenn McCarthy and Roy Hofheinz, for example, were famous for going all-out.

Munz says his demographic research supports his big idea. Cullen's will be surrounded by high-end neighborhoods that he said are underserved for upscale dining.

Along with the demographics, however, it's important to consider a neighborhood's lifestyle, said Mark Hanna, principal of Customer First, a hospitality and restaurant marketing and public relations company: "Many people live in Clear Lake because they like living quietly," he said.

Munz countered that most of Cullen's diners will have the option of eating a calm meal away from noise. Besides, he maintained, Cullen's will be unique and exciting enough to draw people from the entire Houston area.

"Clear Lake is very under-restauranted," observed restaurant broker Larry Plotsky.

He and Hanna agreed the Clear Lake area has a need for more corporate-event and private-party facilities.

Cullen's will face competition from the Kemah Boardwalk.

It will serve steaks — using in-house dry-aged beef — Gulf seafood and dishes such as homemade mozzarella and short-rib stuffed ravioli, whole organic rotisserie chicken and lobster and truffle mashed potatoes.

Cullen's general manager is Ryan Roberts, who was co-wine director of the Dallas Pappas Bros. Steakhouse.

Munz owns 92 acres of surrounding property on which he's co-developing Clear Point Crossing, a site combining 300,000 square feet of retail along with office and apartments, he said.

He expects Cullen's to enhance the development: Its "land value will go up the day I open the restaurant," he said.

Started in computers

Munz, 44, began his professional life as a computer analyst for McDonald Douglas. After four years he got the entrepreneurial bug and launched a company designing computer software.

After installing software for a Baytown pawnshop, he discovered a need in the industry. In the late 1980s, he began selling inventory and accounting software for pawnshops.

He opened his own pawnshop in El Campo in 1994, and eventually opened 13 Mr. Money Pawn stores in the greater Houston area. During those years he also bought land, picking up the future site of Clear Point Crossing in 2004.

Last year, Munz said, he sold his pawnshops to Cash America International, but wouldn't say for how much.

"To the rest of us, it might appear that going from software to pawn shops to a huge restaurant is dramatically different," said Dan Steppe, director of the Center for Entrepreneurship & Innovation at Bauer College, University of Houston.

"What might appear to be a wild-eyed gunslinger mentality in him is not," Steppe said. "Someone who has the logic to do computer programming is a connect-the-dots kind of guy. He's just connecting different dots."

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KEVIN MUNZ

A Houston native whose father, Allen Munz, is a principal at a civil engineering firm and whose mother, Betty Munz, is a retired schoolteacher.

Education

- Dobie High School.
- University of Houston Clear Lake.

Career

- Computer analyst for McDonald Douglas.
- Started a company designing computer software. In the late 1980s it began selling software to manage pawnshops.
- Opened his own pawnshop in El Campo in 1994, and eventually had 13 Mr. Money Pawn stores in the Houston area.
- Sold pawnshops last year to Cash America International.

BUGGS: A democratization of giving

CONTINUED FROM PAGE D1

have the amount deducted from their paychecks.

On the site they can read background information about every charity supported by the corporation and its employees, including testimonials from their co-workers about why they give to particular organizations.

Company matches

In October, Halliburton matches 10 percent of contributions between $50 and $10,000 made by its U.S., Canadian, British and Australian employees. Last year, those employee donations through the "Giving Choices" campaign totaled $3 million.

It also is matching 100 percent of any of its 3,000 Middle East region workers' charitable contributions to designated charities in the United Arab Emirates, Kuwait, Oman, Pakistan, Qatar, Saudi Arabia and Yemen.

"Based on employee input and on what's culturally appropriate, we designed a Giving Choices campaign that is culturally appropriate in the holy month of Ramadan," said Cathy Mann, Halliburton's Houston-based director of communications. "It's a time when everybody over there gives."

And now that Halliburton's has dual corporate headquarters in Houston and Dubai, UAE, it's important for the conglomerate to embrace the traditions of its new home country and neighbors.

Halliburton's democratization of its charitable giving fits the trend in corporate philanthropy toward employee-directed programs.

But in the transformation, the company shed in 2003 its longtime standing as a United Way campaign site.

United Way of Greater Houston representatives still come to Halliburton offices to ask employees to give during the umbrella organization's September-through-April philanthropy push for multiple agencies and broad-based community needs.

But instead of having the floor all to themselves, United Way officials compete with their own affiliates and unrelated nonprofits for the attention and appropriations of Halliburton employees at annual charity fairs at its many offices.

On Tuesday, from 11 a.m. to 1 p.m., representatives from more than two dozen charities, including United Way, Earthshare and the Ronald McDonald House, will attend a giving fair at Halliburton's Oak Park facility.

"We would be hopeful that United Way and United Way agencies are as visible as possible at a fair like this and our hope is we will garner the biggest possible share for the United Way family," said Anne Neeson, vice president of donor relations at United Way.

'Dramatically different'

But the change in format has taken a toll.

In 2002, Halliburton's last United Way campaign pulled in $1.6 million for the Houston chapter, Neeson said. Last year, United Way giving by Halliburton and its employees totaled $117,000, less than a tenth of the last campaign's largesse.

"It's dramatically different," Neeson said.

Halliburton shifted away from the traditional United Way campaign to encourage employees "to choose the charities that are important to them," said Mann, who noted that more than 40 United Way chapters nationwide are listed in the company's Web site that tracks employee giving and company matches.

Essentially, the company gave its employee base the opportunity and money to act as a limited version of the United Way. They select and support community organizations addressing the company's overall philanthropic focus on health and education.

And that spreads the money around to many more nonprofits.

However, if more corporate citizens follow this route, Houston and other cities may soon face a crisis. Such diffuse giving can lack strategic focus, which could lead to inadequate funding for nonprofits handling emerging community needs or systemic problems.

"The United Way is the only organization in this community that looks at the big picture and what are the needs for today and the needs for the future and finds resources to meet both sets of needs," Neeson said.

In the Houston area, the agency divides its work into four areas: developing children and youth to full potential, creating strong families and neighborhoods, sustaining senior independence and supporting people rebuilding their lives.

Every two years, it does a community-needs assessment to decide how to strategically invest unrestricted donations toward efforts that will make the greatest impact in the metropolitan area.

Resources, enthusiasm

Halliburton does not do that, but it does have the economic resources and employee enthusiasm to duplicate such efforts. Most other companies won't have either.

But as corporations tie their philanthropy to employee retention efforts and bottom-line profit margins, they can't allow their giving to lose its ability to change their communities for the better.

Employee-driven giving programs need a strong educational component that allows for personal introspection and companywide debate about social problems and possible solutions.

Ideally, individual interests and corporate concerns should not overshadow the need for collective work on local, national and global issues.

If a company is not willing to commit to that, then they should stick with their United Way campaigns.

"Our biggest challenge is getting people to really understand the depth and breadth of the organization," Neeson said. "We're touching one out of every two lives in this community."

Columnist Shannon Buggs has completed the personal finance planning certificate program at the University of Houston. Contact her at shannon.buggs@chron.com.

BUILDERS: Affordability bright spot in state

CONTINUED FROM PAGE D1

For new homes priced above $225,000, starts increased nearly 15 percent in the second quarter, and closings rose 14 percent, compared with 2006, according to Metrostudy, a residential research firm.

Uncertainty in credit markets, a result of defaults in subprime mortgages made to less creditworthy borrowers, has put downward pressure on the national housing market.

"It's come later and it's not as deep, but Texas is reacting to the same general forces," Seiders said. "The financial markets' damage to the housing market is affecting the whole country."

He said the issuance of subprime mortgages in Texas has been near the national average, which means that defaults will add to rising inventories. "There is a lot of vulnerability in the Texas market," he said.

On the positive side, he said, when prices are compared to incomes, Texas homes remain among the nation's most affordable, even in the major cities.

Seiders predicts that home sales nationwide will bottom out by the end of the first quarter of next year and building permits for new homes will bottom by midyear. He said construction activity should begin picking up by the end of next year.

Those figures, however, assume that the rest of the economy will stay healthy, with monthly job growth averaging 100,000, a smoothly functioning mortgage market without rising interest rates and growth in household incomes of at least 5 percent.

"A lot has to go right to get this bottom line," he said.

Seiders estimates the chances of a national economic recession setting in are "one-in-three."

He considers it a good sign that the Federal Reserve recently cut key interest rates by a half-point, and said he expects the Fed to make two more quarter-point cuts at its remaining two meetings this year.

After displaying a set of national charts showing home construction and sales in accelerating tailspins, he said the current housing recession is now as deep as the one in the early 1990s and likely will equal the one in the early 1980s.

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Nancy Sarnoff contributed to this story from Houston.

OXFORD: 'Good deeds' for capitalists

CONTINUED FROM PAGE D1

loans they buy from lenders, get back on track by restructuring salvageable mortgages so they can make their payments.

Once the loans are rehabilitated, Oxford sells them to investors for a profit.

"We're doing a good deed, but we're still capitalists at the same time," said Ronald Redd, Oxford's chief executive officer.

Such businesses looking to profit off downed mortgage markets are not new.

Virginia-based Portfolio Recovery Associates and Boston-based Debt Exchange have similar business models.

Houston's NC Ventures does similar business on the commercial side.

It's not foolproof

But it's not foolproof, said Stuart Turnbull, professor of finance at the University of Houston. If interest rates decline too much and home prices stagnate, he noted, many subprime borrowers may end up with positive equity in their homes and the market may stabilize sooner than expected.

So far Oxford has bought about $5 million worth of loans, including a $3 million portfolio it bought from GMAC for 50 cents on the dollar.

It looks at up to $2 billion worth of loans every week, Redd said, but the company doesn't always bid on everything.

The loans bought so far have balances of $57,000 to $600,000, though they average about $180,000, he said.

Much of what Oxford has bought so far has included borrowers with strong credit scores and no defaults.

Redd and Robert Dunn, Oxford's president, traded loans at the original Oxford.

That company closed after prosecutors brought indictments related to bank fraud against executives and attorneys associated with the company.

The indictments were ultimately dismissed because of prosecutorial misconduct.

Dunn and Redd said they left before the company closed and are unsure of exactly why it shuttered.

"The only connection this company has to that one is Ron and I worked there," Dunn said. "That would be like saying we worked at Exxon and are now doing gas trades. We have one common shareholder and one common employee we've hired from a title company."

STEVE CAMPBELL : CHRONICLE

OXFORD FUNDING: Robert Dunn, left, and Ronald Redd have a strategy regarding the subprime lending crisis.

Dunn said he expects the newly formed public company will end up owning some real estate because not every loan will be salvageable.

And he expects more business to come his way for two to three years as adjustable-rate mortgages made in the last two years reset and borrowers struggle to refinance.

But once the subprime market stabilizes, the company may venture into other credit markets, Redd said.

"There's always debt, whether it's a good economy or bad," Redd said.

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Proceeds from the Women on the Move® benefit luncheon sponsor Texas Executive Women's mentoring programs at area middle and high schools. Established in 1993, the mentoring programs have touched the lives of over 1,700 women and girls and are held in Houston ISD, Aldine ISD, and Galveston ISD.

TEW TEXAS EXECUTIVE WOMEN ACTIVE EXCELLENCE

HOUSTON CHRONICLE Supporting our Community