

Did money maven go too far by appearing in GM's campaign?



AP photo by Tina Fineberg

Suze Orman won a Daytime Emmy Award in May and also contributes to other media.

Ad puts adviser's advice in question

By John Cook
Tribune staff reporter

Suze Orman, it seems, was everywhere last month.

In addition to her usual outlets—the eight-hour run of “The Suze Orman Show” on CNBC each weekend, her occasional appearances on QVC, her pledge-drive specials for PBS—an estimated 180 million people saw the financial guru pitching General Motors’ “Lock ‘n Roll” financing plan in an ad campaign that ran for 20 days in November and December, according to GM.

Besides being inescapable, the ads, for which Orman was paid an undisclosed sum to endorse the carmaker’s zero percent interest rate offer, raised questions about how Orman could claim to give unvarnished advice to CNBC viewers while taking money from GM.

“Her entire persona revolves around giving fair and wise advice to people who rely on her,” said David Bernknopf, a media consultant and visiting professor at the University of Colorado’s School of Journalism and Mass Communication. “And if she’s taking money from someone whose business touches on the advice she gives, how can that not raise questions about her fairness and honesty and independence?”

Ronald Duska, an ethics professor at The American College, a school for financial professionals, agreed.

“Just because you’re getting paid to say something doesn’t mean you shouldn’t say it,” he said. “But in a sense, she’s using her financial credentials to help a company sell a product. That creates problems if she’s supposed to be able to stand back and evaluate financial options.”

Indeed, those credentials are precisely what made her attractive to GM: “We approached her because she is a widely recognized and respected financial adviser,” said GM spokes-

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OUTLOOK 2005 INSURANCE

Call it the Spitzer debate

Allstate pursues federal regulatory option; others like state oversight

By Ameet Sachdev
Tribune staff reporter

Come New Year’s Eve, Edward Liddy, the chairman of Allstate Corp., may privately tout the insurance industry’s public enemy No. 1, New York Atty. Gen. Eliot Spitzer.

Spitzer has thrown the industry into turmoil with his wide-ranging investigation of compensation practices that has resulted in civil fraud charges against two companies and several individual guilty pleas. To many, the probe has exposed shortcomings in insurance regulation.

Liddy says the time is right to reform the patchwork of laws that oversees the industry. His solution: create a national over-

This is the seventh in a series of articles looking at what lies ahead for various industries next year.

seer and allow insurers to choose between state or federal regulation.

“We fully endorse an optional federal charter,” Liddy said in a recent interview. “What may come out of the investigations is more support for that program.”

Spitzer’s investigation has reopened debate on insurance regulation, and the buzz is growing louder. Congress held a hearing last month, and more sessions are expected in 2005.

Just how far the hearings will go is not clear. The odds of get-

REIT’s suit may give lesson on industry conflicts

By Thomas A. Corfman
Tribune staff reporter

Because of an alleged conflict of interest by its little-known insurance broker, Equity Residential claims it ended up in an insurance program for high-risk companies that operated taxicabs, buses and trucks.

The nation’s largest owner of apartments alleges that the risk management firm that recommended the policy in

1999 did not disclose that an affiliated brokerage would pocket a \$384,000 commission, according to a complaint filed in federal court in Chicago earlier this year.

Details from the lawsuit offer a glimpse into the legal and financial quagmire that can befall a company as a result of conflicts of interest between risk advisers and brokers.

Some insurance industry advocates have a jaundiced view about such litigation,

saying blame-the-broker has become more popular as a result of ongoing investigations.

“When a sector is under fire, there is a legal magnetism effect, and all sorts of lawsuits that are really on the periphery are filed,” said Robert Hartwig, senior vice president and chief economist for the Insurance Information Institute.

But Chicago attorney Ed-

PLEASE SEE **EQUITY**, PAGE 9

ting insurance executives to agree on new rules, Liddy acknowledges, may be higher than the chances of four hurricanes striking Florida in two months. Even the lobbying group of which Allstate is a member, the

Property Casualty Insurers Association of America, doesn’t agree with the company’s position.

Nevertheless, insurance buyers, both commercial and consumer, have reason to pay at-

tention as lawmakers delve into the sometimes arcane world of rates and risk. At least one proposal, backed by big insurance groups, would lift state over-

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Tribune photo by Chuck Berman

Exelon CEO John Rowe engineered the acquisition of Public Service Enterprise Group, making the Chicago-based company the largest electric utility in the country.

Exelon chief pursuing future, past

Amateur historian

John Rowe sifted through the mess at Commonwealth Edison upon taking over in 1998 and fashioned a huge transformation

By Robert Manor
Tribune staff reporter

John Rowe, chairman, chief executive and pharaoh of Exelon Corp., keeps an ancient stone coffin in his office.

“I am a serious amateur historian,” Rowe said, explaining the 2,600-year-old Egyptian sarcophagus. “And it’s a good thing to threaten vice presidents with.”

Rowe has a special fondness for the ancient Egyptian, Greek, Roman and Byzantine societies of the eastern Mediterranean. He vacations at archaeological sites and owns a collection of artifacts.

This week, Rowe capped a 21-

year career leading electric utilities by merging Chicago-based Exelon with Public Service Enterprise Group Inc. of New Jersey. The deal made Exelon the nation’s largest electric utility.

The \$13 billion merger represents a remarkable turnaround for the corporate parent of Commonwealth Edison.

When Rowe, 59, arrived here in 1998 from New England Electric System, he took over a utility on the verge of disaster.

In the summer of 1999, ComEd’s customers suffered repeated power outages brought on by decades of deferred maintenance. On some days, northern Illinois’ electrical system

nearly collapsed.

Chicago Mayor Richard Daley was enraged. Newspaper editorials castigated ComEd. State regulators investigated the company.

In August 1999, after yet another blackout, Rowe stood in a hot rain and made clear that people were right to blame him and ComEd for their suffering.

“This level of service under these conditions is a disgrace to us. It’s a personal disgrace to me,” Rowe said before television cameras. “I will not tolerate it, and you will not.”

Rowe now summarizes that

PLEASE SEE **ROWE**, PAGE 9

John W. Rowe

Title: Chairman, chief executive and president, Exelon Corp.

Age: 59

Born: near Dodgeville, Wis.
Salary and bonus for 2003: \$2.6 million

Recommended reading: The restored edition of “All the King’s Men,” by Robert Penn Warren; “Banks and Politics in America,” by Bray Hammond; “Battle Cry of Freedom,” by James McPherson; “Lincoln and His Generals,” by T. Harry Williams.



Photo for the Tribune by John Gross

Robin Schacherer (from right) says daughters Allison and Emily helped with her job search by pitching in at home while she was out looking for work.

Challenging job search ends on 15% higher note

By Ann Therese Palmer
Special to the Tribune

Even though Robin Schacherer, 47, wasn’t happy with her job as a receptionist for a group of physical therapists in Buffalo Grove, she was afraid to look for anything else, she confesses.

“All I kept hearing was how hard it was to get another job,” says Schacherer, a single mother who lives in Des Plaines with her two daughters, Allison, 18, an Oakton College freshman, and Emily, 15, a Maine West High School sophomore.

When she was let go in September without any severance pay after 13 months, Schacherer “was embarrassed, devastated and worried,” she re-

calls. “They even cut off my insurance that night. I didn’t know what to do.”

She headed that day to her minister, Rev. Patty Pipia, pastor of Unity Northwest Church in Des Plaines, for solace. The pastor told her: “God does for you what you can’t do for yourself,” she recalls.

Schacherer wasted no time seeing what she could do for

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INSIDE

BINARY BEAT

Give gifts a workout
The first few weeks are key to tech toy survival. **PAGE 2**

YOUR MONEY



Plastic pays

Rewards credit cards offer lots of freebies, but disciplined usage is essential. **PAGE 5**

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PEOPLE

A LOOK AT LOCAL PROMOTIONS AND CAREER MOVES

**WHO:** Richard Kriva**NEW TITLE:** Vice president of global real estate strategy for Honeywell Global Business Services, based in Arlington Heights.**PREVIOUS POSITION:** vice president of real estate and development at Motorola Inc.**Accounting**

KPMG elected to partnership **Daniel L. Creamean**; **Laura M. Del Prato**; **Andrew F. Gottschalk**; **Heather C. Paquette**; **Jason A. Pisarik**; **Pamela S. Riggs**; **John H. Rodi**; **Mark W. Saas**; and **Andrew M. Vest**.

Financial services

TransUnion, a credit reporting services company, named **David Emery** chief operating officer accountable for all U.S. businesses. **Jeff Hellinga**, president of TransUnion Analytic Decision Services, was also named president of U.S. Information Services, and **Michael Kiyosaki** was promoted to executive vice president of Analytic Decision Services.

Health care

The Evanston Northwestern Healthcare Foundation named **Jean M. Johnson** vice president of development. Most recently, she was assistant vice president.

Hospitality

Renaissance Hotels & Resorts named **Randy Griffin** director of marketing for the new Schaumburg Renaissance Hotel and Convention Center in Schaumburg. Previously, he was area director of sales and marketing for Renaissance Hotels Florida.

Legal

Jones Day named as partners **Michelle M. Harner**, business



Johnson



Harner

restructuring and reorganization; **David J. Kates**, corporate finance and health-care finance; **John A. Marlott**, intellectual property, IP licensing, trademarks, unfair competition and the Internet; and **Edward B. Winslow**, corporate finance, mergers and acquisitions and technology.

Benjamin Kern was promoted to partner at information technology law firm Gordon & Glickson LLC.

Matkov Salzman, a national employment and labor firm rep-

resenting management, elected **Melissa Crawford Mazzeo** a partner and **Teri Firmiss Thompson** of counsel.

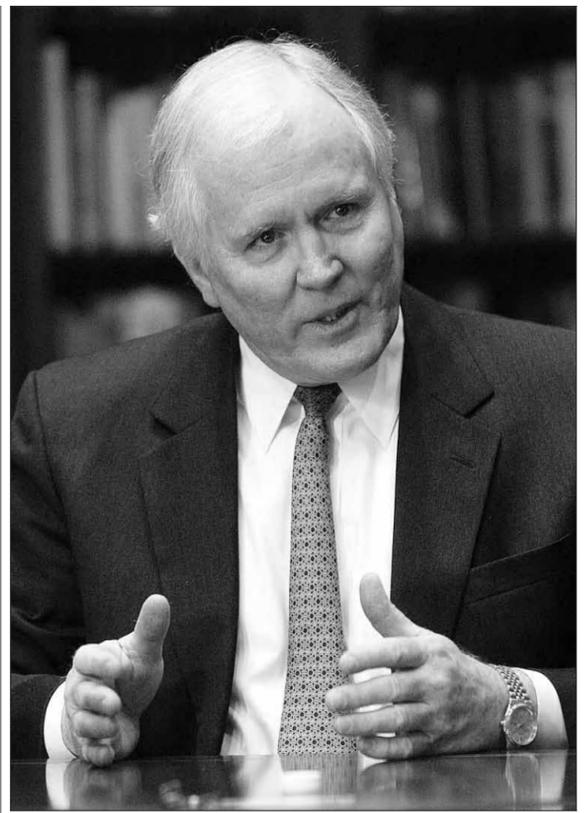
Real estate

Stephen Hyman was named executive director of the 11,000-seat arena proposed for the Prairie Stone Business Park in Hoffman Estates. The project is a joint venture of developer Ryan Cos. U.S. Inc. and Sears, Roebuck and Co. He will also be president of CCO Entertainment, a stadium consulting firm formed with Ryan. Most recently, Hyman was executive director of the MARK of the Quad Cities, a 12,000-seat arena in Moline.

Other

Mike George Fitness Systems, a provider of one-on-one training programs and weight-loss services, promoted **Freddie Wolner** to president.

DHI Visual Communication named **Rachel Baron** executive creative director.



Tribune photo by Chris Walker

Allstate chief Edward Liddy advocates a dual regulatory system under which insurers could choose state or federal oversight.

ORMAN: Critics say disclosure is needed

CONTINUED FROM PAGE 1

woman Deborah Silverman. Orman bristles at the contention that the ads compromised her integrity. They were, she says, just another way to provide people with financial advice. Besides, she's not a journalist. "I have now become a celebrity," she said. "Whether the reporters who have bashed me for years want to believe it, Suze Orman has become... somebody that America has embraced." And, as such, she says she should be held to the same standard as other celebrities who endorse products.

Whether she's a celebrity or journalist or both, there is no doubt that Orman has a wide following as a financial expert. Her first two books of financial advice sold 3 million copies, according to Publishers Weekly; four of her eight books have become New York Times bestsellers. She's been profiled in innumerable newspapers and magazines, and is a contributing editor to O, The Oprah Magazine. Her CNBC show reaches an average of 120,000 viewers.

Nor is there any doubt that CNBC is usually scrupulous when it comes to ethical guidelines. Every financial professional who appears on the cable network's daytime shows is required to disclose interests in any company they may discuss, including holdings by family members.

Employees are under stricter guidelines—reporters and correspondents are barred from holding individual securities, lest the prospect of personal enrichment influence their cover-

age.

"It raised a lot of eyebrows around here when we first saw the GM commercials," said one CNBC staffer. "Clearly it's not something that in general we would be able to do."

The guidelines do not apply to Orman, explained CNBC spokeswoman Amy Zelvin, because Orman owns her show, and CNBC pays her a license fee to air it.

"Suze Orman appears on CNBC as an expert commentator," Zelvin said. "She is not an employee of CNBC and she is not a journalist. As such, she is able and permitted to pursue outside business ventures."

But CNBC's Web site suggests otherwise: Orman is listed as the network's "personal finance editor," a title that suggests both employment and journalistic decision-making.

"I recently resigned from that position," Orman explained. "When all this started with the GM thing, I called up [CNBC Enterprises general manager] Bob Meyers. I said 'Bob, this is ridiculous. I don't do anything as personal finance editor. It was an empty title really. Why even have it?'" Orman said she retired the title sometime in late November, and that she had been personal finance editor for about three years.

Zelvin, who expressed surprise when informed of the title, said: "We should have been clearer that she's a commentator and not a journalist."

(At press time, CNBC's Web site still identified Orman as personal finance editor on the site's "Anchors and Reporters" page.)

Earlier conflicts noted

The GM deal is not the first Orman product promotion.

Among the dozens of books and self-help kits she sells on her Web site is the Suze Orman FICO Kit, a \$49.95 software package that lets purchasers buy their Fair Isaac credit score.

'A celebrity's' many media hats

Television: The Suze Orman Show, four PBS pledge-drive specials, frequent QVC appearances.

Author of best-sellers: "The Laws of Money, the Lessons of Life," "The Courage to Be Rich," and "The Money Book for the Young, Fabulous and Broke," available in March 2005.

Contributing financial editor: O, the Oprah Magazine.

Criticized for: Appearing in General Motors ads.

Orman's reply: "I have now become a celebrity" and should be held to the same standard as other celebrities endorsing products.

The kit is part of a marketing campaign by the Minneapolis-based financial data firm, which pioneered the practice of reducing consumers' financial behavior to a handy score for lenders and creditors. Orman splits revenue from sales of the kits with Fair Isaac.

Three years ago, Orman briefly sold long-term care policies on QVC and her site. The fact that Orman earned a commission off sales and that the policies were underwritten by a division of General Electric, which owns CNBC, caused a squall of press criticism that led her to abandon the project.

Orman said such criticism is unfair. Why, she asked, does nobody question the motives of Meredith Vieira of "The View"—a show that Orman frequents when selling her books—for appearing in ads for Bayer aspirin?

Or put another way, how much integrity does a celebrity need?

NBC weatherman Al Roker, for instance, is free to endorse Weatherproof Garment Co.'s line of men's outerwear, even though he appears on two shows—"Today" and "Dateline NBC"—produced by the network's news division, which prohibits such arrangements for most of its employees.

Bernknopf said the key is viewer expectations. He described as "quaint" the criticism that ESPN sportscaster Dan Patrick received in the late 1990s for appearing in Coors ads. "People don't expect Dan Patrick to do any investigative

work on the beer industry," he said.

But he draws a distinction with Orman because he doesn't believe viewers think of her as a celebrity. "And I suspect CNBC didn't hire her as a celebrity, but as a decent financial adviser," he said.

Is celebrity a defense?

Barbara Lippert, the advertising critic for Adweek, a trade magazine, said Orman is a "hypocrite."

"Suze Orman claims to give uncorrupted advice, yet she's being paid by one of America's largest corporations to plug its brands," she said. "It's a complete conflict of interest."

Orman dismisses such criticism as sour grapes.

"They hate Suze Orman and love to bash me because they're so jealous of my success," she said. "They just cannot understand how it is that I've sold millions of copies of books, I won an Emmy Award this year, my show on CNBC is the highest-rated show on weekends. How is any of that possible? They hate me because I tell people the truth."

(In fact, Orman's show is CNBC's second-rated weekend show, behind "Tim Russert.")

She did the GM ad, she said, because it was good advice. "It was a great deal. Honest to God, or I wouldn't have done it."

The problem, Lippert said, is that Orman has made a career of telling people not to do things like buy new cars. The fact that she's reversing herself in a paid endorsement deal makes her even more suspect.

Orman acknowledged that buying a new car is the "worst investment you can ever make in your life. The second you drive it off the lot it's depreciated 20 or 30 percent." Still, if her fans insist on buying a new car, the GM deal was the way to do it, Orman said.

Orman's critics say the biggest problem with her off-camera deals is that she doesn't disclose them on the show.

As a certified financial planner, Orman is required by the Certified Financial Planner Board of Standards, a private industry regulatory body, to disclose her sources of income to clients. That rule applies to one-on-one paid consultations, but not TV shows.

Asked why she doesn't offer a similar disclosure to her viewers, Orman said: "I'll tell you the sources of my income—everything I do is a source of income to me."

CNBC's Zelvin said that, were Orman ever to specifically discuss GM or Fair Isaac on her show, she would be obliged to disclose the relationships.

Orman agreed, but said her viewers already know about her business dealings.

"You think they don't know I was paid to do the GM commercial?" she said. "I'm not in this for charity. This is a business, and anybody who thinks that it's not a business is an idiot."

SEARCH: Discussion with workers was revealing

CONTINUED FROM PAGE 1

herself.

The next morning she went to the state unemployment office in Arlington Heights where she encountered "some of the nicest people I've ever dealt with," she says. "They were very patient with me and explained in detail how to complete the forms. They didn't make me feel like I was a

huge loser, who'd just lost her job, was a single mom, scared to death."

She enlisted a friend, who teaches high school, to help her update her resume. For two hours every morning, she'd go online where she'd network with her fellow church members, check want ads in newspapers online and e-mail her resume to job sites.

For the balance of the day, she'd interview, make follow-up calls and do a lot of telephoning to friends to ask if they knew of any jobs for her.

One of the friends mentioned a possible job as a customer service representative at Brimar, a Lake Forest drapery accessory manufacturer. But Schacherer was about to accept an offer to

work as a receptionist for a local dentist.

"Brimar was a lot farther from my home," Schacherer says. "I was close to taking the dentist's job, but when I had lunch with the dentist's employees, they spent the entire time talking negatively about their boss and the office. This didn't sit well with me. I decided to interview with Brimar."

The result?

On Oct. 1, Schacherer joined the firm, where she's making 15 percent more than in her last job, with more comprehensive medical insurance.

"There's a wonderful team atmosphere here," Schacherer said. "I look forward to coming to work every day. This is an absolute miracle."

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