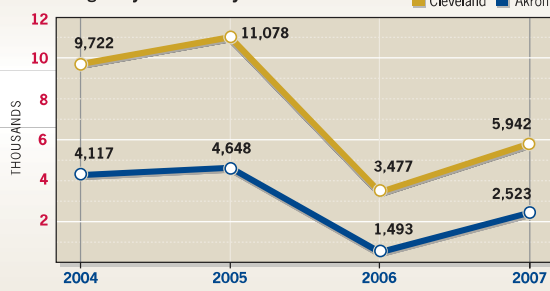


After lull, bankruptcies back on the rise

FLUCTUATING BANKRUPTCIES

Data through July 31 of each year



SOURCE: LexisNexis CourtLink

KRISTEN WILSON

2005 legislation prompted surge; mortgage woes share blame for current filing increase

By SHAWN A. TURNER
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Bankruptcy filings are on the rise again across Northeast Ohio, and credit woes brought on by the subprime lending fiasco are partly to blame.

In Cleveland, the number of bankruptcy filings this year through July 31 totaled 5,942, up 71% from 3,477 filings during the like period in 2006, according to LexisNexis

CourtLink data. A similar increase has occurred in Akron's Bankruptcy Court, with 2,523 filings during the first seven months of 2007, a 69% jump from the like period a year ago.

For the Northern District of Ohio, which includes bankruptcy courts in Canton, Toledo and Youngstown, as well as the courts in Akron and Cleveland, the number of filings through July were up 68%, to 16,074 from 9,562.

"We're seeing more calls," said Rob Barr, a partner at Cleveland law firm Dettelbach, Sicherman & Baumgart. Bankruptcy filings fell off precipitously in 2006 primarily because of the federal Bankruptcy Abuse Prevention and Consumer Protection Act that was enacted in October 2005. The law imposed strict new guidelines, including requiring would-be filers to undergo credit counseling before filing for bankruptcy. It also introduced a means test to determine a person's eligibility to file for bankruptcy.

"A lot of people who were considering filing went ahead and did it. See **BANKRUPTCIES** Page 11

ON THE SAFE SIDE

Amid lead backlash, Thogus Products sees demand jump for its polymer-based parts used in radiology

By DAVID BENNETT
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While the recall of lead-tainted toys from China continues to generate concern, a manufacturer in Avon Lake is reaping new business from its ability to produce molded polymer parts as environmentally safe substitutes for those made out of lead.

Thogus Products Co. is seeing increased sales to makers of radiology equipment that typically line the protective housing of their machines with lead so that stray radiation doesn't escape into the surrounding environment. However, regulatory agencies are cracking down on the use of lead, prompting medical products companies to consider safer alternatives.

Matthew Hlavin, vice president of sales and marketing at Thogus, said the manufacturer has been working with Avon Lake compounding company PolyOne Corp. during the last four years to develop a tungsten-filled polymer resin that Thogus now is using in its molds to produce housing components for radiology equipment.

Mr. Hlavin said the tungsten-reinforced polymer material is as See **THOGUS** Page 12



MARC GOLUB

Matthew Hlavin, vice president of sales at Thogus Products Co. of Avon Lake, said the company's tungsten-filled polymer parts save customers money because they're less costly to make and ship than lead-based radiology housing components.

INSIGHT

Unfazed by Akzo Nobel, Sherwin-Williams sticks with its own growth plan

With fifth deal of 2007 pending, paint giant foresees more acquisitions here and abroad

By JOHN BOOTH
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The Sherwin-Williams Co. is taking its own slogan — "Cover the Earth" — to heart. Adhering to a disciplined acquisition strategy, the company two weeks ago announced its fifth deal of the year, a stretch of purchases reaching four countries on three continents.

Sherwin-Williams' pending purchase of Columbia Paint & Coatings Co., a coatings maker in Spokane, Wash., that operates 41 paint stores, is a drop in the bucket compared to the planned \$16.3 billion acquisition of Britain's Imperial Chemical

Industries, parent of ICI Paints, by Akzo Nobel of Holland. Both deals, though, are indicative of how the giants of the coatings business — Akzo Nobel, Sherwin-Williams and Pittsburgh-based PPG Industries — are intent on growing even bigger, with acquisitions a key element of their efforts.

"The paint and coatings industry has been in a long-term transformation through consolidation," noted Saul Ludwig, an analyst with KeyBanc Capital Markets in Cleveland. "We're not through with that process by any means."

If Sherwin-Williams is fazed by the prospect that the world's See **PAINTS** Page 9

WHEELING AND DEALING

Despite passing on the parent of ICI Paints, Sherwin-Williams continues to span the globe with its acquisition strategy. A list of the five deals the paint company has made so far in 2007:

Date	Company	Location	Deal includes
3/19	M.A. Bruder	Philadelphia	132 paint stores
4/4	NITCO	Mumbai, India	Exterior coatings
6/28	Pinturas	Montevideo, Uruguay	Paints
8/14	NAPKO	Monterrey, Mexico	Protective coatings
8/28	Columbia Paint & Coatings	Spokane, Wash.	41 paint stores

THE WEEK IN QUOTES

"There are plenty ... that are investing in automation. We have customers that have old equipment with technology that has limited capacity."

— Stephen Belliveau, founder, president and CEO, Steven Douglas Corp. Page 6

"We must go beyond merely waiting for companies to come to Cleveland to display their medical equipment; we must help them to develop and market such products."

— From a Letter to the Editor. Page 10

"I think it's ludicrous to think the government should intervene with people's personal, financial decisions."

— From a response in The Big Issue. Page 11

"Our primary goal with this concept is to introduce the community to local farmers at a very personal level, and hopefully spread the word to others."

— Ben Bebenroth, owner, Spice of Life Catering Co. Page 19

"Being outdoors is just more fun than being indoors. ... And the cleanup is minimal. To clean the grills, you just close the lids and turn up the heat."

— Marlene Boucher, Outdoor Dreamscapes LLC. Page 26

THE BIG ISSUE

Should the federal government get involved in trying to straighten out the home foreclosure mess?



CLINT WATSON
Cincinnati
Investigations would be very helpful; it seems like there are a lot of scams out there. But maybe all or most of it is the consumers' fault. We wouldn't really know without investigating it.



DANIELLE KUSKOWSKI
Cleveland
No, not the federal government. It's more of a local problem.



STEVE SCHIMOLER
Cleveland
I think it's ludicrous to think the government should intervene with people's personal, financial decisions. It sets a bad precedent for bailing people out.



DARRELL REESE SR.
Cleveland
Definitely. You've got a lot of scam artists out there (willing to prey on) people who don't know anything about buying a home.

»» Let us know what you think. Vote in our online poll at www.CrainsCleveland.com

Bankruptcies: Filings unlikely to return to pre-legislation levels

continued from **PAGE 3**
whether they were ready to or not" in 2005 before the new law went into place, said Lauren A. Helbling, chairwoman of the bankruptcy and commercial law section of the Cleveland Bar Association who is also a bankruptcy trustee and attorney.

"Procrastination went out the door," Ms. Helbling said.

After the act went into effect, bankruptcy filings in Cleveland dropped to 3,477 in 2006, down nearly 69% from 11,078 in 2005. And in Akron, the number of filings declined 68%, to 1,493 in 2006 from 4,648 in 2005.

"The filings just went down to absolute nothing," said Diana M. Thimmig, partner-in-charge of the Cleveland office of Roetzel & Andress.

Mary Ann Rabin, a Cleveland bankruptcy attorney at the Rabin & Rabin firm, said her firm survived the lean year by relying on its bankruptcy trustee work. Trustees are appointed by the Bankruptcy Court to oversee a debtor's bankruptcy estate.

"We had a backlog of cases to serve as trustee on," Ms. Rabin said.

Debra Booher, principal of Akron bankruptcy firm Debra Booher & Associates Co. LPA, said she did not need to layoff any of her nine attorneys during the 2006 filing slowdown.

"We just kind of muddled through," Ms. Booher said, adding, "I planned for it as much as you can plan for your revenues dropping off for two or three months."

Housing fallout

There are primarily two reasons for the current upswing in filings, bankruptcy attorneys in Northeast Ohio said. First, more people are getting used to the new federal bankruptcy legislation, Ms. Thimmig said. Some people initially believed that the federal law prohibited bankruptcies, she said.

"There was a lot of fear put into people by, I hate to say it, but in part by the press," she said, adding, "People held out as long as they could."

Secondly, the trouble in the

housing market has played a role, attorneys said.

"My take very simply is that a lot of this is the reverberation of the lending industry and the subprime loan bit," said Thomas Pavlik, a partner and bankruptcy attorney at Novak, Robenalt & Pavlik of Cleveland.

Mr. Pavlik said some people are finding it difficult to cope with the subprime loans they previously had taken out.

"All that stuff is coming to roost," he said.

Filings nationally also have been increasing, though not by nearly the same percentage rate as in Northeast Ohio. Through the first seven months of 2007, bankruptcy filings totaled 476,196, up 49% from the 319,857 filings made during the same period in 2006.

Fear of 'the big R'

Still, the filings might not return to the levels of 2004 and earlier, said Henry Sommer, editor-in-chief of the bankruptcy reference book series "Collieron Bankruptcy."

"Absent really bad economic times, it probably won't get all the way back up there because it's so expensive" to file for bankruptcy under the 2005 federal rule, Mr. Sommer said.

Locally, attorneys were split over whether bankruptcy volume would return to where it was in 2004, when there were more than 1.5 million bankruptcy filings nationwide. Even with the increase this year in Cleveland, the filings made so far this year are still well below the 9,722 filings made during the same time frame in 2004.

"I don't know if it will ever approach that again," said Mr. Barrin referring to the number of local filings made in 2004 and before. "It may not in the near future. There are only so many people in dire straits."

However Dave Dawson, deputy director of the Legal Aid Society in Cleveland, said bankruptcy filings could well move back to the levels where they once were.

"It depends on the state of the economy," Mr. Dawson said. "If the big 'R' (recession) rolls around, the answer is probably yes." ■

LETTER

continued from **PAGE 10**

foundations, would contract to help companies in any phase of development or marketing.

While there are issues of trade secrets, these can be dealt with by confidentiality understandings and monitoring. I know that our separate academic institutions are in competition with each other for faculty, students and funding. Nonetheless, I believe that they now recognize and have begun to act on the healthy assumption that as Northeast Ohio is energized, they all benefit.

But it is not enough to help existing biomedical companies with their research and development. Why not expand our efforts to encourage companies, including startups, to relocate to Northeast Ohio, through a broad-based, Northeast Ohio Venture Capital Cooperative? JumpStart

(with the Greater Cleveland Partnership, at the forefront, along with Case, Nor Tech, and our local state universities) and BioEnterprise (with its four local medical institution partners) have made exciting headway here. But it still remains the fact that to get on the biomedical supply and development map, nationally and worldwide, we need to expand greatly our venture capital enticement pool. But how?

One thought: Many local endowments, foundations and public and private pension plan sponsors already allocate a tiny portion of their funds for use as venture capital. Collectively, those small amounts

can add up to something substantial. Why not urge institution boards to devote some of those monies for use, in a broad-based, combined program, right here?

Of course, the governor, the state Legislature and local officials need to get on board to assure that there is a reasonable business climate for development. Now is the time to make a sustained effort to seek out and entice into Northeast Ohio the next biomedical "Bill Gates" entrepreneurs.

Arthur Landever
Professor of Law
Cleveland Marshall College of Law
Cleveland State University

WRITE TO US

Send your letters to: Mark Dodosh, editor, *Crain's Cleveland Business*, 700 W. St. Clair Ave., Suite 310, Cleveland, OH 44113-1230
e-mail: mdodosh@crain.com



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