

g whether the equipment, the city decided to use it. The second problem developed. In using the equipment, employees got out, sending the machine into the shop for repairing it, said one outside as costly as buying a new one. Merchants wondering about what happened? That it was fixed months ago and the way on city sidewalks. It's just how clean the streets have

Purse: Though some may say the dogs, it is a dog that may owner stumble on a possible of theft. The owner of Lawson's Stationery & venue, was unloading packages shop. Her arms were so loaded had to leave Shortstop, her Shih one of her bags on the trunk. in the store for only a matter of to find someone had swiped the back of her car. "It's a real problem with theft," said of the nicest little old ladies are of cards." The one that was grabbed did not come from walking her dog, and she cleaned up after him. She that if she threw the bag in her et about it, so she left it on top of loaded her packages.

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INSIDE

- B-2
- B-3
- B-3
- B-6

a match and threw it at her. So, as she now does about four times a week, Bialkan called the police, even though they do little more than catalog her complaints.

"We've watched this town go down the tubes," said Bialkan, whose family has operated Joseph's for 44 years. "There are too many empty store fronts and too many scary people on the street."

It's been a lonely battle for downtown merchants like Bialkan, who have had to struggle not only against street people, dirt, and parking problems, but the politics and procedures of city hall as well.

service and maintain its infrastructure at an acceptable level."

Brown said that growth in revenues from property and sales taxes have not kept pace with inflation.

Though hard fought, those economic realities have helped forge a better working relationship between the city government and business community.

"Since Proposition 13, cities depend mostly for their money from the business community," said Jeffrey Shattuck Leiter, president of the Downtown Berkeley Association, "No matter how radical you might

up the image of the area through tion, physical improvements, adjust mix of offices, retail stores, and he and fostering cooperation between c sectors of the community.

In precise terms, it will provide chants with a range of consultants w show them how to better manage an ket their district. Those efforts rang helping a storekeeper improve his v display to drawing merchants toget jointly market the area.

See BERKELEY, Page

PERSONAL FINANCE

Personal Finance



Cliff Pletschet

Investors have an option to sue

Small investors with money locked up in troubled limited partnerships may not know they can sue the general partners and the financial practitioners who placed them in the offering.

It doesn't mean they will win, but the option is open and many plaintiffs have

been successful, says Cary Lapidus of Lapidus & Reiff, a San Francisco law firm specializing in investor lawsuits.

Lapidus' firm won't take a case unless there're assets to satisfy judgments, but they will look for those not only in the pockets of general partners but among accountants, attorneys, brokers and financial planners involved in the sale.

Some cases look hopeless on the surface. But Lapidus points out: "A lot of partnerships sold in the 1970s and 1980s have gone bankrupt and yet present some good legal claims."

Due to a real estate market slump and partnership mismanagement, small investors now hold an estimated \$15 billion in troubled and illiquid limited partnerships, mostly in real estate, according to Robert A. Stanger & Co., a Shrewsbury, N.J., research and publishing firm.

That's a little over 20 percent of the \$70 billion in public limited partnerships sold between 1978 and 1987 to small investors for outlays as little as \$5,000.

Another \$40 billion in private partnerships were sold during the period to more upscale, sophisticated investors.

That brings up the question: On what can a small investors base their suit? Can they claim they unknowingly got in over their heads?

See PLETSCHE, Page B-3

BUSINESS PROFILE

Professor helps shape nation's banking p

By Leslie Wayne
The New York Times

WASHINGTON — In this city where ships mean power, a Harvard Business professor who has the ear of Treasury Secretary Nicholas F. Brady, who himself has President Bush, may well become the nation's strongest voice in shaping the banking system.

At a time when Congress will be the most sweeping revisions in banking since New Deal, Robert R. Glauber is the nation's point man.

A relative newcomer who is only becoming hardened to Washington's battles, he has earned Brady's confidence. Now the question is whether Congress will listen.

"Bob Glauber is the key man in a key historic time," said Kenneth A. Felt, executive vice president of the Inc Bankers Association.

Kenneth McLean, a private bank consultant in Washington, added, "Whether he can convince Congress will be the ultimate test as to whether he gets an A or a C mint.

For Glauber, 51, who took a leave of absence from Harvard last year to join the Treas

See GLAUBER, Page

Early in the debate over the savings bill, Glauber's study group proposed taxing savings deposits in spite of Bush's "no new taxes" pledge. That proposal kicked up a political ruckus that later died out with the suggestion but left Glauber tagged as a political neophyte.

Then he was in the forefront of a failed attempt to take power from the Commodity Futures Trading Commission and give it to the Securities and Exchange Commission in a jurisdictional dispute.

This Brady Commission idea was killed by fierce opposition from the farm lobby and traders in Chicago loyal to the CFTC chairwoman, Wendy Lee Gramm.

Since 1964, Glauber has been a member of the Harvard faculty. His leave of absence ends in January but is expected to be extended.

At Treasury, Glauber operates out of an office so large that it once housed soldiers during the Civil War.

Near a portrait of the Revolution-

ary War financier Robert Morris on the wall along with drawings by his two small children, he kicks around ideas with his staff about restructuring banking — tearing down the remaining fragments of the Glass-Steagall Act, which restricts the scope of commercial banking.

The challenge

The challenge is to bring about changes that will inevitably lead to a concentration of financial power. The issues to be decided are fundamental:

■ How much protection should the government provide depositors without exposing itself to another savings debacle?

■ Should Wall Street and commercial banks merge, and if so how?

■ Should banks underwrite securities, sell insurance and operate mutual funds, and how should the government and depositors be protected

against these risky ventures?

■ Should large corporations like General Motors or General Electric be allowed to buy banks?

■ Should banks operate across state lines, and how should banking powerhouses be regulated?

The first salvo comes later this year when the Treasury issues a report written largely by Glauber and his staff, outlining the administration's position.

Then it is on to Congress, where the issues and the politics are complex.

The affected constituencies — Wall Street, insurance, banks and business — have some of the most powerful lobbies. And unlike his work in the savings debate, Glauber will be going it alone.

On the savings issue, he was one of three officials representing the administration.

He was joined by Richard C. Breen, the SEC chairman and former

"When depositors know their money is at risk, that limits the banks' ability to do silly things."

One of the trickiest issues is the height of the regulatory "firewalls" around risky new ventures. Too high, and banks will lack the freedom to compete and profit enough to protect depositors. Too low, and the safety and soundness of the banking system are endangered — for instance, if a bank takes on too much underwriting risk.

Another issue is whether to allow corporations to buy banks: in short, if Goldman, Sachs & Co. were allowed to buy a bank, why should Kidder, Peabody & Co., which is owned by General Electric Corp., be barred from it?

Corporate ownership could bring sharp new managers to banking. But the danger is that corporations might tap into low-cost deposits to subsidize corporate ventures.

Glauber said he "hasn't decided" the matter yet.

Pletschet

Continued from Page B-1

Yes, says Lapidus. The "unsuitability" of the offering is an effective claim. What's suitable for a young, wealthy client may not be suitable for an elderly couple on a fixed income, he explains.

In addition to unsuitability, clients can sue for misrepresentation and breach of fiduciary duty.

Lapidus and Reiff have obtained substantial awards in a number of cases and recent ones include a suit on behalf of limited partners who worked for and invested through a San Francisco investment banking house; a suit brought by a professional athlete against his agent for placing him in an unsuitable tax shelter; and a suit on behalf of Hong Kong residents who lost money after being lured into limited partnership involving a Bay Area shopping center.

Certain features of a limited partnership must be disclosed to buyers under law.

These include the financial condition of the partnership, the background of the general part-

ners, just how liquid the offering is, total fees to be paid, the use of operating funds that might constitute a conflict of interest on the part of the general partners, and general market conditions.

"It's important for clients to check on these features," Lapidus says. "If they're not disclosed, the client has the right to sue and recover under state and federal laws."

Lapidus says that even a partnership prospectus can be misleading or the selling practitioner may make a verbal misrepresentation.

In addition to limited partnership cases, Lapidus believes there's much public confusion about simple claims involving stock and bond trading through brokerage firms.

Again it's a matter of suitability. It might be hard to make a case against a broker who put someone into a blue chip stock such as IBM only to see the price drop.

"But it might be unsuitable for an 82-year-old couple to be placed in junk bonds, or a 70-year-old widow with limited assets to be put into an option

on oil and gas stock," Lapidus says.

Arbitration in place of court action is the trend today, and the National Association of Securities Dealers, the New York Stock Exchange, the Pacific Stock Exchange, and the American Arbitration Association all offer it.

Brokers favor arbitration because it's cheaper than going to court. The U.S. Supreme Court recently upheld a decision that brokerage firms have the right to refuse to open an account for any customer who declines to sign an arbitration agreement.

"But they usually won't do this because they want the business," Lapidus says. "Clients should know they have the right to strike out the arbitration clause and retain the right to go to court. There they have a better chance of winning."

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