

SILICON VALLEY / SAN JOSE

BUSINESS JOURNAL

OCTOBER 3, 2008
VOL. 26, NO. 23
\$2.00

96 N. Third St.
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San Jose, CA
95112

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Sustainable Design

Harker School uses cutting-edge features in new science center.

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VICKI THOMPSON

GOING FOR BROKERS: Principals John Luk and Andy Le of GD Commercial Real Estate were hired to attract new tenants to the troubled shopping mall.

Cupertino Square tries new team

BY SHARON SIMONSON

It's back to the future at Cupertino Square, the struggling South Bay mall once known as Vallco.

Orbit Resources Inc., the mall's new majority owner, has retained Milpitas brokerage GD Commercial Real Estate to help get the mall's vacant corridors filled with shoppers.

GD Commercial is best known for its ties to Asia, and Hong Kong native John Luk, executive managing director for the firm, said he plans to capitalize on those connections as the broker works to attract tenants to the shopping center.

"I have offices in Shanghai, Beijing, Hong Kong and Guangzhou," he said. "I can tap into some of the ten-

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Heller Ehrman's closing opens up flood of resumes

BY WILLIAM-ARTHUR HAYNES

When Heller Ehrman LLP's management announced Sept. 26 it would dissolve the 118-year-old firm, it effectively cast nearly 600 attorneys into the job market at a precarious and challenging time.

To alleviate overhead, Heller is trying to help 200 of those attorneys who were partners find new firms as quickly as possible. But recruiters say that's easier said than done given the state of the economy and the proximity to year's end. In the competitive legal climates of Silicon Valley and San Francisco, Heller's rainmakers, estimated by some to fetch salaries between \$1.3 million and \$2.5 million based on their books of business, would usually be expected to land softly.

"In these economic times, all bets are off," said Alan Miles of Alan Miles & Associates. "It's scary out there."

Other California legal recruiters agreed. "Due to the current economy, we're not at a time when firms can make investments in talent," said Larry Watanabe, principal at legal search consultancy Watanabe Nason LLC. "I think there may be a number of people that are going to find themselves having a difficult time getting seated. It's a terrible economy and there are a lot of people whose stand-alone economics won't make a lot of sense."

It's not like 2003 when Brobeck, Phleger & Harrison LLP entered Chapter 7 bankruptcy. The economy wasn't as bad, and several firms making forays into California were scouring the landscape looking to re-

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Financial giants' fall brings flight to quality at banks

BY WILLIAM-ARTHUR HAYNES

Losses at Washington Mutual Inc. and Wachovia Corp. are becoming other banks' gain.

Several Silicon Valley banking executives say they have seen an influx of deposits and lending opportunities as customers flee banks that have failed or reported to be in trouble. These executives are reaping benefits from their forethought in steering clear of

subprime and exotic loans.

Ken Fujihara, senior vice president and regional manager for Bank of the West's retail banking unit, said all 20 of the bank's South Bay branches are experiencing a flight to quality to different degrees.

"I had a branch call up the other day and say a Wachovia customer walked in with \$900,000," Fujihara said. "They're ranging from \$50,000 to those larger dollar amounts. People are taking penalties on CDs to

bring the money over."

Fujihara said foreign nationals are being put through hoops to meet identification requirements allowing them to move deposits "and they're doing everything we ask," he said. "They want to come over."

Bob Garrett, senior vice president of Union Bank of California's San Francisco and San Jose commercial

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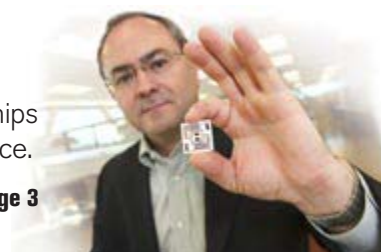


THE SECOND FRONT

Lab work

County uses Alien's RFID chips to track evidence.

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SMALL BUSINESS

Double time

One man, two companies, stellar growth.

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SQUARE: New brokers for Cupertino Mall have track record of winning leases with Asian retailers

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ants that really want to expand into the United States, but there is no bridge for them to come over.”

The emphasis on bringing international offerings with a focus on the Pacific Rim is not new for Vallco. Indeed, it is much the same strategy employed by the mall's former managing partners Alan Wong and Emily Chen after they bought it in 2003. Yet the 1.4 million-square-foot mall on Wolfe Road adjacent to Interstate 280 has struggled for much of the last two decades. Sandwiched between the highly successful Stanford Shopping Center in Palo Alto and the Santana Row-Westfield Valley Fair juggernaut in San Jose, Cupertino Square has failed to establish itself as a third option. While it retains Macy's, JC Penney and Sears as anchors, the mall's roughly 500,000 square feet of interior shop space remains about half vacant.

On a recent Tuesday afternoon, almost no shoppers strolled its aisles, and even Luk observed that it lacked “energy.” Most recently, Orbit, an international investment company with offices in Europe and Shanghai, as well as Silicon Valley, sought bankruptcy court protection after a bitter fight with its lender over the mall's future.

That troubled history stands in stark contrast to the obvious spending potential of Cupertino residents. At more than \$100,000, Cupertino's average household income is one of the highest in Santa Clara County.

There is also concern from some community members that the shopping center doesn't sport an all-Asian theme, even though nearly half of Cupertino's residents are Asian, according to the U.S. Census Bureau.

“We want a shopping mall for everybody. People don't come to Cupertino to shop in Taiwan. We don't mind an Asian influence, but if there weren't rules, a lot of our restaurants wouldn't even have English signs,” said Dennis Whittaker, a community activist and co-founder of Concerned Citizens of Cupertino, a



HOLES TO FILL: Cupertino Square's interior spaces are about 50 percent vacant.

local advocacy group.

The Census Bureau counts East Indians as Asians, he noted, two groups many would consider ethnically disparate.

The center's spotty past puts his company under tremendous pressure, Luk said. Eight GD brokers will be focused on getting Cupertino Square filled, and the company plans to open a full leasing office in a key mall location. The goal will be to lease 50,000 square feet at the center by next spring.

Like others who have been affiliated with Cupertino Square in the past, Luk is careful to say that the mall welcomes all comers and to emphasize that the mission is to create an “international entertainment and lifestyle center.” The Hoffbrau House, a German beer-themed buffet-style eatery, is expected to open at the center early next year; Italian restaurant Vapiano has also signed on.

But he acknowledges that to find success, the mall's

owners can't ignore the Asian population.

“It's part of the fabric of the community,” he said.

He pointed to his company's success bringing Asian tenants to Fremont's Pacific Commons II and Fremont Times Square, where he said brokers filled nearly 100,000 square feet. The Times Square anchor is Marina Food, an Asian grocer. Marina already has a store in Cupertino.

Luk said potential tenants at Cupertino Square include Cashbox Club Karaoke, a plastic-surgery center, a day spa, retailers aimed at child enrichment programs through tutors and people teaching the martial arts. He cites Aberdeen Centre in British Columbia, Canada, as a potential template.

Aberdeen bills itself as “North America's first multicultural retail experience,” offering retailers a venue that caters to “sophisticated ... affluent ... Asian and Western shoppers.”

Luk and his colleagues need look no further than the other side of I-280 to find another prototype for success. The much-smaller Cupertino Village at Homestead and Wolfe roads also struggled until it was redeveloped as an Asian shopping center in the late 1990s by the valley's own Peter Pau. It was sold to Kimco Realty Corp. for \$65 million in early 2006, and it is bustling with activity. The center is anchored by 99 Ranch Market, another Asian grocer. The other tenants include East West Bank, Ten Ren Tea, Lee & Associates Dental, Joy Luck and Sheng Kee Bakery.

Kimco got the green light from Cupertino to expand the Village by 25,000 square feet and add a parking garage on the 12.5-acre site.

Cupertino Village is a “dense, high-income submarket of the San Francisco Peninsula with diverse ethnic demographics and a strong Asian community,” Kimco told analysts and shareholders May 1.

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BANKS: Financial consolidation survivors see growth opportunity in demise of WaMu, Wachovia

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banking arm said his outfit is in a “great position.”

Garrett said his commercial banking unit alone has seen “millions in deposits rolling in” since July as depositors' concerns about the safety of their money grow.

There's a fast-forming distinction between the level of liquidity on Wall Street and Main Street, said Chris Nichols, CEO of the broker-dealer group at Pacific Coast Bankers' Bank.

The community banks under PCBB's umbrella, 50 of them with operations in Silicon Valley, are experiencing an inflow of deposits as larger institutions run into problems.

“Money comes out of (the big banks) looking for a safe haven,” Nichols said. “Community banks are well capitalized, they know the neighborhood, they haven't been directly involved with subprime and so they're in a much better position. I'd much rather have my money in a community bank than anywhere else right now.”

Credit unions are also benefiting from the shake out, as new depositors come knocking at their doors.

The member list is growing for \$3.8 billion Star One Credit Union, which is based in Sunnyvale, said President Rick Heldebrant.

“We know the last couple of weeks we've have an increase in new members,” Heldebrant said. “I'm hearing from our branch managers that they've got a lot of people coming in with accounts from WaMu and Wachovia.”

Over the summer WaMu saw \$16 billion of deposits left its vaults. A similar

run triggered Wachovia's rescue by the Federal Deposit Insurance Corp.

Bank of America, among the biggest of big banks, remains one of the most highly capitalized institutions in the business, said Kevin Gillis, senior vice president of BofA's Greater Bay Area business banking unit.

Gillis said BofA has experienced a 300 percent increase in deposits nationally over the past year and sales of certificates of deposit are at record highs.

An increasing number of clients are bringing their entire accounts to Bank of America, making it their primary banking institution.

While the more-stable institutions aren't totally insulated from the credit crunch, loan windows at all the banks interviewed remain open for business.

The across-the-board tightening of lending standards notwithstanding, Nichols said lending opportunities have increased because less-capitalized institutions have lost the ability to service loans, “which is nice because they can raise their standards and pick the cream of the crop.”

Fujihara said despite a \$27.9 million second quarter write down in its investment portfolio, Bank of the West remains well-capitalized. A Bank of the West spokesperson specified that the institution never engaged in subprime lending and there's been no order to freeze loans or change lending standards, which have remained conservative.

“We lend to everybody,” Fujihara said. “I guess if we can't be all things to all people, we're most things to most people.”

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Closing with the big banks

The Federal Deposit Insurance Corp. has been involved in 14 bank closings this year through September 30.

JANUARY

Douglass National Bank, Kansas City, Mo., – \$58.5 million in assets. Liberty Bank and Trust Company of New Orleans agreed to assume its \$53.8 million in deposits.

MARCH

Hume Bank, Hume, Mo., – \$18.7 million in assets. Security Bank, Rich Hill, Mo., agreed to assume \$12.5 million in deposits.

MAY

First Integrity Bank, National Association, Staples, Minn., – \$54.7 million in assets. First International Bank and Trust, Watford City, N.D., agreed to assume \$50.3 million in deposits.

ANB Financial, National Association, Bentonville, Ark., – \$2.1 billion in assets. Pulaski Bank and Trust Company, Little Rock, Ark., agreed to assume \$212.9 million in deposits.)

JULY

First National Bank of Nevada, Reno, Nev., – \$3.4 billion in assets. Mutual of Omaha Bank, Omaha, Neb., agreed to assume \$3 billion in deposits (approximately \$3.0 billion). On June 30, First National Bank of Arizona, Scottsdale, Ariz., merged with First National Bank of Nevada and was included in this action.

First Heritage Bank N.A., Newport Beach – \$254 million in assets. Mutual of Omaha Bank, Omaha, Neb., agreed to assume \$233 million in deposits.

IndyMac Bank, F.S.B., Pasadena – \$32.01 billion in assets. Substantially all of the assets were transferred to IndyMac Federal Bank, F.S.B., Pasadena.

AUGUST

Integrity Bank, Alpharetta, Ga., – \$1.1 billion in assets. Regions Bank, Birmingham, Ala., agreed to assume \$974 million in deposits.

The Columbian Bank and Trust, Topeka, Kans., – \$752 million in assets. Citizens Bank and Trust Company, Chillicothe, Mo., agreed to assume the non-brokered insured deposits.

First Priority Bank, Bradenton, Fla., – \$259 million in assets. SunTrust Bank, Atlanta, Ga., has agreed to assume some deposits.

SEPTEMBER

Ameribank Inc., Northfork, W.V., – \$115 million in assets. Pioneer Community Bank Inc., Iaeger, W.V., agreed to assume all deposits at Ameribank's West Virginia branches; The Citizens Savings Bank, Martins Ferry, Ohio, agreed to assume all deposits at Ameribank's Ohio branches.

Silver State Bank, Henderson, Nev., – \$2 billion in assets. Nevada State Bank, Las Vegas, Nev., agreed to assume some deposits.

Washington Mutual Inc., Seattle, Wash., – \$310 billion in assets. JPMorgan Chase agreed to buy its bank operations for \$1.9 billion.

Wachovia Corp., Charlotte, N.C., – \$800 billion in assets. Citigroup Inc. agreed to buy Wachovia's banking operations for \$2.1 billion.