

The Backup Files

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Collateral damage

We're lucky in New England. For the most part, we get fair warning about disasters. Hurricane coming? Take the next two days to stock up on water, batteries and Entenmann's Raspberry Danish Twist. (Hey, we need snacks in a storm, right?) A winter nor'easter in the works? Ho-hum. But the financial storm sweeping through the nation's financial canyons took some of us by surprise when it rained on Evergreen Solar Inc. of Marlboro. Turns out Evergreen not so long ago tapped Lehman Brothers — yes, the Lehman Brothers that's now in bankruptcy — to help underwrite a stock offering. In the process, an affiliate of Lehman Brothers essentially borrowed nearly 31 million shares of Evergreen stock and those shares are, um, where now? An analyst said Evergreen might have to write off \$39.5 million.

Who pays?

We've all picked up the bill for a friend who says, "I'll pay you back later." Then, somehow, "later" never comes and you just get steamed about it. Multiply that by a factor of about 10,000 and you get the YMCA of Greater Worcester's predicament. The organization is seeking to recoup \$1.3 million it spent to build a road to its Boroughs Family Branch YMCA in Westboro. The Y sits in the Boston Hill development. The Boston Hill developer declared bankruptcy, and the Y wanted to stop the new owner, Gemstone Investment Co. Inc. of Worcester, from developing the property until the Y got paid back. A judge last week scuttled that option and told the Y to go after the original owner.

My clinic is worth what?

Home prices may tumble, but some Newton investors seem to think that the buildings in Central Massachusetts housing Fallon Clinics are mighty valuable. No, it has nothing to do with the lovingly restored hardwood floors, the master suite or the gourmet kitchens. In fact, we're pretty sure you won't find those amenities at the 18 properties that Senior Housing Properties Trust bought for \$91.95 million from HRPT Properties Trust. Still, the transaction was interesting because Senior Housing was spun out of HRPT in 1999, and both entities have the same set of managers. HRPT, by the way, made a tidy profit on the deal. It paid \$47.75 million in 1997 for Fallon Clinic properties. As for the Fallon Clinic, the medical group practice has long-term leases for the sites and should not be impacted.

Words of wisdom

Finally, we'd like to leave you with a memorable quote from Worcester native Shana A. Orczyk, a research analyst at Peak Financial Management in Waltham who offered some soothing words last week while markets were tumbling and our federal government was doling out billions to companies wounded by the credit crunch. Ms. Orczyk cautioned that there's no need for people to liquidate their bank or investment accounts because of protections such as FDIC insurance on bank accounts up to \$100,000. "I think that people just need to be reminded of that, that there is protection out there for them. It's not 1929, run to the bank, put your money under the mattress," she said. We'll try to bear it in mind.