



F SUNDAY, JUNE 5, 2005

The Atlanta Journal-Constitution



Business

CONTACT US: Mark Braykovich, Business editor / mbraykovich@ajc.com / 404-526-5869

China currency enigma

U.S. plea for revaluation could backfire in long run

By **MICHAEL E. KANELL**
mkanell@ajc.com

As the U.S. government pressures China to revalue its currency, some economists warn: Be careful what you wish for.

The Bush administration has been asking China to allow the yuan to be stronger

— that is, to be valued so that each yuan can buy more dollars in trade. That would make anything priced in yuan more expensive in dollars, and anything priced in bucks less expensive in yuan.

So far, the Chinese have refused to go along. But what they do — or don't do — affects American wallets.

Most people don't give foreign exchange rates a thought, unless they are planning trips overseas. Even then, they might notice only that the dollar doesn't go as far as it used to in some countries.

But the strength of currency matters on domestic soil, too. Currency exchange sets the terms for trade, and imports amount to roughly 16 percent of the nation's gross domestic product. When the dollar gets weaker, those imports — computers, steel, wine, oil and cars among them — get more expensive.

And vice versa: American manufacturing, which has shed millions of jobs in the past five years, has suffered against lower-cost competition.

So if a stronger yuan makes Chinese products more costly, U.S. exports could get a boost in global commerce and cheaper in China itself. The more China's currency strengthens, the better for U.S. manufacturing.

But it could backfire, bumping up U.S. interest rates, import prices and inflation.

► Please see **CHINA, F4**

INSIDE TODAY



F9 Computers are crankier than ever, says TechnoBuddy Bill Husted.



ON AJC.COM

F2 Up Close: Scott Weiss on teaching execs to communicate.

► Search for stock quotes for 10,000 companies at ajc.com/business.



BITA HONARVAR / Staff

A revaluation of the Chinese currency might be good news for Melody Luo (left) and Cindy Zhao, who work as operations specialists at AJC International, which buys food products and sells them around the world, including in China.

Go-go housing market a puzzler

A reckoning ahead?

Experts wonder whether an economic 'bubble' is on verge of collapse.

By **MARILYN GEEWAX**
mgeewax@ajc.com

Washington — With home prices inflating at double-digit rates in many places, economists are wondering whether there is a housing "bubble" — and what could make it pop.

The answer is important even to people whose houses are not skyrocketing in value, as well as those who don't own houses.

"If there is a real shift downward in housing demand, it would have a dramatic impact across the entire economy," said John Benjamin, a professor of finance and real estate at American University here.

Millions of Americans have become dependent on rising home values to support home-equity loans and mortgage refinancings, which can be used to pay for cars, remodeling projects, clothes and more.

"We live in a consumption economy that is financed by debt," which in turn largely rests upon our home foundations, Benjamin said.

The labor market, too, depends on feeding the hunger for housing. Since the beginning of the economic recovery in November 2001, employment in the housing and housing-related industries has accounted for 43 percent of the increase in private-sector payrolls, according to Asha Bangalore, an economist for Northern Trust Corp.

For the moment, the demand for housing appears unstoppable. The National Association of Realtors reported that from winter 2004 to winter 2005, prices rose 9.7 percent, three times faster than the general inflation rate.

In many places, the jumps were far higher. For example, in the metropolitan area comprising West Palm Beach, Fla., and parts of southern Palm Beach County, home prices shot up by 35.9 percent.

Those who do see the economy as floating along on a bubble also perceive a number of menacing signs.

The main threat is an interest rate spike. Richard Rosen, senior economist at the Chicago Federal Reserve Bank, wrote in a recent paper that if the average 30-year fixed mortgage rose from 5.8 percent to 7.5 percent, home prices would



CHARLOTTE B. TEAGLE / Staff

Kevin Baghshahi, warehouse manager at Molam International in Marietta, oversees a giant shredder that pulverizes hard drives, hand-held devices and other electronic devices to destroy the data within. Much of the scrap is recycled offshore and returns as paper or plastic items.

Shreds of safety

Disposal firms thrive as businesses, people work to keep data out of wrong hands

By **TAMMY JOYNER**
tjoyner@ajc.com

This is where old computers go to die. In a Marietta industrial park, the two-story, gray-brick building that houses Molam International serves as a slaughterhouse of sorts. Here, computers, hard drives and all things technological are zapped, chopped, hammered, pulverized and otherwise annihilated in the interest of keeping America's private stuff private.

Office equipment and electronic devices that have outlived their usefulness — massive mainframes, phone system cabinets, computer mice — are trucked in from around the country. They're sorted, weighed and sent through a destruction process that sounds a lot like an SUV backing over and over again.

The result looks a lot like that, too.

In this case, hundreds of millions of pieces of data — prized currency to identity thieves in this information age — are reduced to mangled shards of plastic and metal. Information that probably took companies years to compile ends up in heaps in minutes.

Even electronics that housed some of the most sensitive data from the military and the federal Environmental Protection Agency are laid to rest here.

Much of what's discarded is reincarnated as paper towels, phone books and plastic or

IDENTITY THEFT AT A GLANCE

- Yearly loss to businesses: \$50 billion
- Yearly loss to consumers: \$5 billion
- Average loss from misuse of an individual's personal information: \$4,800
- Hours spent last year resolving problems related to identity theft: 300 million

Sources: Iron Mountain Inc., Federal Trade Commission survey, Javelin Strategy & Research study

► Please see **DATA, F6**

Regulators, regulated to enjoy some quality time

Starting today, 23 utility regulators from across the Southeast, including three from Georgia, convene in northern Kentucky for the annual convention of the South East Association of Regulated Utility Commissioners.

And at their sides, according to a registration list, will be more than 130 utility lobbyists, lawyers, consultants and executives — six per regulator.

The list includes about a doz-

en representatives of Atlanta-based Southern Co. and others from Scana Energy, BellSouth and Atlanta Gas Light, which has a rate case pending here. The three Georgia regulators signed up are Stan Wise, Doug Everett and David Burgess.

Over three days, the conventioners will wade through some meaty business. Panel discussions will feature trends in environmental politics, the proper regulatory role of the

federal government and the future of nuclear energy

But conventioners will also have fun.

On Monday, spouses or hooky-playing conventioners can take all-day tours of a horse farm or a bourbon distillery.

On Tuesday, conventioners adjourn at 11 a.m. for a golf outing followed by a 3½-hour dinner cruise on the Ohio River with a bluegrass band.

The convention ends Wednesday with one more early morning panel discussion.

Conventioners who didn't leave early or party too late will discuss whether they should have been partying at all.

A panel on ethics will address the propriety of regulators' socializing or having private discussions with people from the industries they regulate.

— Margaret Newkirk

One activity offered at the South East Association of Regulated Utility Commissioners meeting in Kentucky is a tour of a horse farm.





Cyan

Magenta

Yellow

Black

6F

3STR

AJCD0605-3STR Sunday, Jun 05, 2005 BUSINESS 6F



Data: Disposal firms thrive in new climate

► Continued from F1

metal products with "Made in China" labels. Molam sells to manufacturers overseas that use the raw materials in many products that make their way back to the United States.

What Molam does and how it does it has taken on greater importance as businesses and consumers look for ways to safeguard personal information and as a new federal law stiffens requirements for destroying sensitive data.

Security breaches at companies such as ChoicePoint, Bank of America and even the DSW shoe chain have put thousands of consumers' personal information at risk and underscore how vulnerable we are to identity theft.

While Alpharetta data broker ChoicePoint has become the poster child for what's wrong with America's data security safeguards, far more information slips into the wrong hands in simpler ways.

"Ten times that much information is being thrown out in the trash every day," said Robert Johnson, executive director of the National Association for Information Destruction, a Phoenix-based trade group that has 600 members worldwide.

Identity theft occurs when someone co-opts your Social Security number and other pertinent information to get loans and other credit. It is one of the fastest-growing white-collar crimes in America, costing American businesses and consumers more than \$50 billion a year, the Federal Trade Commission estimates.

Until now, many companies thought erasing or writing over information on hard drives was sufficient security. Not anymore.

"If you're just overlaying data on top of data, a good hacker who has no time limits can certainly figure out ways to unlayer the data," said Kevin Lilley, Molam's national sales manager.

Among the richest sources for privacy pirates is the workplace.

Tough Georgia law

Until this week, most of the country had no disposal laws. Yet Georgia has led the nation in efforts to safeguard consumers' privacy.

The state's 2-year-old law is much tougher and broader than the federal law that took effect Wednesday, said Johnson, the trade group director.

Georgia requires the destruction of any personal data before it's discarded, while the federal law — the Fair and Accurate Credit Transactions Act, or FACTA — just deals with information culled from background checks and credit reports.

Although narrower in scope than Georgia's law, the federal law finally creates a national standard for how American business disposes of consumer information collected on paper or online. It's designed to deter "Dumpster divers" and other thieves.

"It's significant," Kansas attorney Douglas Stanley said. "It's the first time the Federal Trade Commission has addressed what you need to do to dispose of certain information."

Elaborate process

In corporate America's war against privacy pirates, Ronald Doane is a security sentinel.

As visitors watched recently, Doane, operations manager at Molam, tossed motherboards onto the conveyor belt. The castoffs slowly ascend into the mouth of the first shredder, which drops the pieces into a large metal bin. The pieces then move to another conveyor, where any trace of leftover information is erased by a giant overhead magnet before the hardware is gnawed into scrap.

"Goodbye to all those documents you spent long, hard hours on," one visitor quips.

Nearby, two employees in hard hats and face masks dismantle computer boards with air drills. One of the workers takes a hammer to a board for good measure.

Every day, U.S. companies face the prospect of having to get rid of hundreds of millions of pieces of papers, files, floppy disks, hard drives, software and other data contain-



CHARLOTTE B. TEAGLE / Staff

In effect, Molam International runs a computer slaughterhouse, where old machines go to die. One of the processes is a magnet (upper right) that pulls off ferrous material. The rest of the material, such as plastic, goes ahead on the belt and drops into another bin. Warehouse manager Kevin Baghshahi oversees the operation.

BREAKING DOWN IDENTITY THEFT

The perps

Percentage of workers who've tried to reconstruct shredded documents: 10%

Percentage of workers who check copier wastebaskets or recycling bins for sensitive data: 25%

Percentage of identity theft that occurs from paper: 68%

Percentage of identity theft that occurs from online activity: Less than 12%

The victims

American adults who've had their credit cards hijacked, identities stolen or credit ratings blemished by identity thieves: Nearly 1 in 8

Victims of some form of identity theft last year: 10 million

Source: Iron Mountain Inc.; Federal Trade Commission survey; Javelin Strategy & Research study

Five most vulnerable industries

► Health care; retailing; legal; accounting; banking and financial services.

Source: Shred-It Inc., Tucker

ing your name, phone number, credit standing and other pertinent information that — if not properly destroyed and if in the wrong hands — could destroy your finances and reputation.

Some companies shred it or burn it. Some data end up lost or stolen or in a trash bin or landfill or on the side of the road, for all the world to see.

If you're looking for details, forget it. Most companies, even the ones in compliance, aren't talking.

"Whenever you talk about anything related to customer data and security of that data, even the disposal of it, you sort of put yourself out there as a potential target for criminals who take that as a challenge to get ahead of what you're trying to keep from them," said Mark Scott, a spokesman for Atlanta-based HomeBanc Corp.

Getting rid of the mountains of data we accumulate is a multibillion-dollar business.

Molam's founder, Nader Nejad, is a former Lockheed engineer who worked on the F-22 jet fighter. He saw the future 10 years ago in America's electronics castoffs. With technology progressing fast, computers have a life span of three to four years now.

By 2010, the EPA estimates that 1 billion pieces of computer equipment will end up as potential scrap, roughly 100 million units a year. An additional 3 billion pieces of consumer electronics — BlackBerries, cellphones, iPods, PlayStations — also will be discarded.

"I knew something had to happen with stuff becoming obsolete," Nejad said. "You couldn't continue to put them in landfills."

Molam, which every hour turns 6 tons of technology and electronics equipment into scrap, said it is in talks with ChoicePoint to help the Alpharetta data broker destroy several thousand pieces of data.

Even given the amount of technology scrap, paper remains the chief means by which identity thieves steal.

About 68 percent of identity theft "comes from physical records rather than online re-

people who offer the service," said Cunningham, general manager of Shred-It Atlanta in Tucker.

Because Georgia is ahead of much of the country, "FACTA's not going to have a big impact in Georgia," Johnson said.

Still, the new federal law — along with high-profile security breaches — serves as a reminder to Georgia businesses.

Even companies reluctant to use an outside service may realize they are vulnerable to legal problems if they don't properly dispose of information.

"Becoming compliant is not about putting a shredder underneath the desk," said Langevin of Iron Mountain.

More data generated

Distrust is big business. Companies, afraid of hiring the wrong person, do more background and criminal checks. So much information ends up in the file cabinets and computers of marketers, banks and other businesses, including private investigators at Veritech Consulting and Investigation Services in Woodstock.

Veritech holds onto such information for five years. Then it's destroyed. A Veritech employee stood watch earlier this year as files containing criminal histories, driving records, dates of birth, Social Security numbers, addresses, names and other information went into a shredding truck.

Like Veritech, many data destroyers take no chances.

"We're very careful," said Cunningham of Shred-It. "We ask a lot of questions to make sure we're dealing with reputable companies. We always research companies before we do business with them."

It's a lesson ChoicePoint learned the hard way. ChoicePoint unwittingly sold thousands of records to scam artists who posed as legitimate business clients.

The company has since intensified its scrutiny of clients to weed out potential imposters.

And just recently, authorities nabbed a New Jersey man who sold customer information he bought from bank employees.

Such incidents, along with a trio of laws mandating privacy safeguards — FACTA, Sarbanes-Oxley and one covering dissemination of medical records — have forced businesses to be more diligent about sensitive material.

"Some companies are upset about having to shred the information because they don't want to even acknowledge they have it," said Paige Turner, a Glyndon, Md., management

NEW FEDERAL LAW

Facts about the U.S. Fair and Accurate Credit Transactions Act's disposal law:

This rule is part of a federal law designed to safeguard consumers from identity theft. The law requires destruction of any paper or computer disk containing personal information from a consumer report.

► **Who's affected:** Anyone (including a private individual) or any company that has or maintains consumer information must take "reasonable measures" to properly dispose of the information. Measures may include burning, shredding or pulverizing paper. Computers and other electronic data should be wiped clean of any sensitive data before being destroyed.

► **What's covered:** Reports compiled for a company by an outside consumer reporting agency in conjunction with background checks.

► **What's not:** Any information a company collects on its own.

► **The punishment:** Civil penalties up to \$2,500 per violation and recoverable damages up to \$1,000 for willful or negligent violation. Source: Ford & Harrison law firm

What's covered under the new FACTA law:

A partial list of the types of information the new disposal law governs:

- Credit reports
- Criminal background checks done by an outside company
- Driving records checked by an outside company
- Reference checks done by an outside company

What's not:

- Lists of Social Security numbers
 - Lists of employees' names and addresses
- Source: Douglas Stanley of Foulston Siefkin law firm, Wichita, Kan.

for information on advertising in

TECHNET

770-509-4228

Also on the web at: www.ajc.com click on "Sales and Shipping" then click on Technet

For Sale

BANKRUPTCY AUCTION
BID LIVE OR ONLINE

CASE # 05-31768-DOT
EMERGENCY, INC.
20+ Yr old Catalogue Photography Co.
5150 N. Royal Rd., Dr. Tucker
SELLING ON SITE

June 8th & 9th @ 10am
60,000 sq. ft. of Photography Equip.,
Apple / Mac, HP, & Compaq computers, printers,
artiques & office furniture, props used in catalogue
shoots, 2 Ford vans, power tools & collectibles. Photo
Equip. To include: Norman strobe boxes & lights, hot
lights by Mole - Richardson, Broncolor, Norman, Bard-
well, & McAllister. View cameras by Calumet, Cambo,
Sinar, & Rollei. Scitex leaf volare & scan eyelike MF
backs. Hasselblad, Nikon, Nikkor, Fuji, Rodenstock,
Caltar, Schneider, Sinar equip. Soft lights by Photoflex.
Broncolor Flash units by Lowell DP Broncolor.
Numerous tripods, booms, c stands, etc.

AUCTION MANAGEMENT CORPORATION
www.AuctionEbid.com
770-980-9565
GAL# 2503/ 10% B.P.

Food & Drink
Thursdays

The Atlanta
Journal-
Constitution
ajc.com

Introducing a New Name in Atlanta for Wealth Management.

Finally you can get the Wealth Management solutions you expect with the service you deserve.

Atlanta Office
M. Alan Franco, Branch Director
Buckhead Plaza
3060 Peachtree Road • Suite 750 • Atlanta, GA 30305

(404) 260-8760
(866) 887-2187

RBC Dain Rauscher
MEMBER NYSE/SIPC

IRS TROUBLES? STATE TAX ISSUES?

We get results even in the most difficult cases!

GUARANTEED SERVICES

- Release of Levies
- Release of Tax Liens
- Non-filed returns
- Back Taxes Settled
- Self employment 940
- Withholding 941 & Sales Tax

Mills, Robinson, Thomas & Associates
"Where reliable, ethical tax representation is standard."
Call our Atlanta office today and schedule a free confidential consultation.
770-690-4219 **www.JD**
TOLL FREE 1-888-864-1870

