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SUMMARY  
MARKET  
REPORT: B7

## CORPORATE JUNK BOND INDEX

Yield: **9.74%** +0.65% since  
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## INSIDE

Oregon safety regulators fine Stimson Lumber Co. in connection with a May explosion that killed one employee and seriously injured two others. **Story, B5**



# Suit alleges Madoff-like fraud

### Investors say Portland hedge fund managers and accountants bilked them of at least \$5 million

By **BRENT HUNSBERGER**  
THE OREGONIAN

More than two dozen plaintiffs filed suit Tuesday against the managers of two Portland hedge fund companies and their accountants, alleging they ran a Bernard Madoff-

like Ponzi scheme that defrauded investors of at least \$5 million.

The lawsuit, filed in Multnomah County Circuit Court, accuses former business partners Yusuf Jawed and Lyman J. Bruhn of violating state securities laws while running a variety of hedge funds under the names Sasquatch Capital and Grifphon Asset Management.

It also accuses Portland accounting firm Perkins & Co., former Perkins accountant Hoang Nguyen and accountant Fred Williams of profes-



Read earlier stories about the case at [OregonLive.com/business](http://OregonLive.com/business)

sional malpractice in reporting the funds' results. Nguyen continued to work as the funds' accountant after moving to a new firm, Holmes & Co., though that firm was not named in the suit.

Jawed and Bruhn could not be reached for comment. In an interview with The Oregonian last year, Jawed denied wrongdoing and said

at the time that he managed \$63 million for about 150 investors. Perkins representatives could not immediately be reached Tuesday.

Michael Esler, the Portland attorney representing the investors, said some of them were alumni or donors of Reed College, where the Pakistan-born Jawed earned a degree in the early 1990s. Jawed and two Reed graduates he hired were featured in the Autumn 2006 edition of the Portland college's alumni magazine in a

Please see **LAWSUIT**, Page B6

## Seattle firm buys 3 local complexes

A Seattle company has purchased three Beaverton apartment complexes for \$34.3 million.

The portfolio includes the Willow Grove, Richmond Park and Richland Terrace properties. Together, they include 304 apartments.

The properties belonged to a Canadian investment company, Belkorp Holdings. The buyer, Security Properties Inc., has a stake in more than 130 properties across 30 states.

"This is an example of the tremendous rebound we're seeing in large new institutional properties," said Greg Frick, a partner at HFO Investment Real Estate, which brokered the sale.

"The Portland market is clearly on the map now for institutional money."

Belkorp lists seven other properties in Portland's suburbs among its holdings. Security Properties lists the Honeyman Hardware Lofts in Portland's Pearl District as its only Oregon property.

— Elliot Njus

## Oregon companies get project money

The U.S. Army Corps of Engineers has awarded contracts worth a total of more than \$23.4 million to three Oregon companies for a variety of projects.

The corps will pay Ashland-based Sky Research Inc. \$9.4 million to develop the Military Munitions Response Program — a waste and remediation program at munitions sites — with work to be performed at

# Apple excitement? Not without Jobs

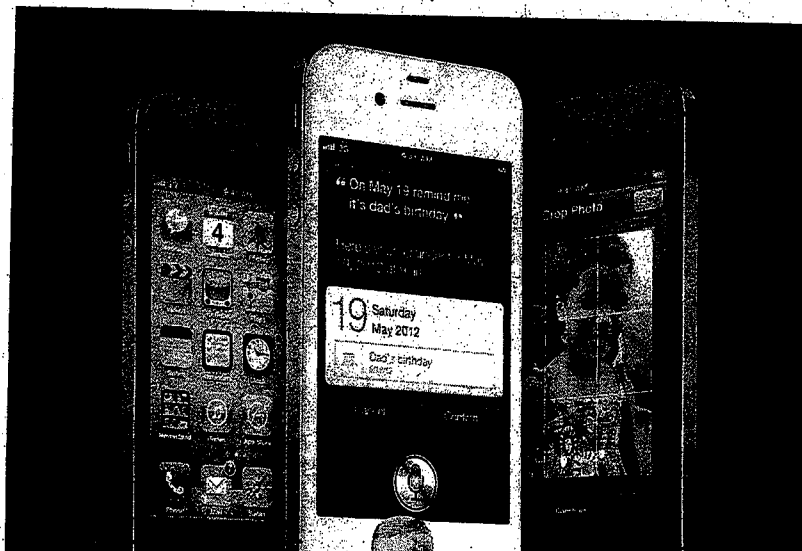
To some, the new iPhone is barely that, with only a few fresh features and a less-than-stellar unveiling

By **DAVID SARNO**  
and **JESSICA GUYNN**  
McCLATCHY-TRIBUNE

CUPERTINO, Calif. — Apple began its new era with a creation unlike anything it had produced in years: disappointment.

Instead of a major new product, the electronics giant unveiled an updated version of the iPhone 4 that it released 16 months ago. Even the name, iPhone 4S, resembled the old phone.

Most observers expected that in its first unveiling without its co-founder Steve Jobs, Apple would try to show it was still capable of wowing crowds with stunning new devices.



## iPhone 4S

**Release date:**  
Oct. 14

**Pre-order date:**  
Oct. 7

**Price:** \$199 for 16 gigabytes of storage, \$299 for 32GB and \$399 for 64GB, with a new two-year contract

### Features:

- Camera with 8-megapixel resolution and a larger f/2.4 aperture
- Dual-core A5 chip
- "Siri," a voice-activated digital assistant

# 'Recommerce' game gets strategic with new iPhone

Owners trade in and upgrade models by finding online deals to recoup their cash

By GREGORY KARP  
McCLATCHY-TRIBUNE

CHICAGO — With Tuesday's release of the next iPhone, some owners of the current version of Apple Inc.'s hit phone won't sit home and grumble. They'll sell, then upgrade.

Smartphones and other tech gear that are rendered obsolete by the latest version, or just get a little old, certainly are far too valuable to stash in a drawer and forget about. In fact, with an iPhone, you might be able to sell it for nearly the price you paid. But you have to know how to play the "recommerce" game to get top dollar.

Recommerce isn't just for iPhones but for many of today's tech gadgets, from BlackBerry phones to Xbox gaming consoles to laptop and tablet computers. Some consumers are seeking cash, while others just want a "green" way to dispose of their electronics.

"The very worst thing you can do from an economic and an ecological perspective is stick it in your drawer and later throw it in your trash," said Joe McKeown, vice president of marketing and communication for phone buyback site, ReCellular.com. "It's the right thing to do for your pocket-book and the environment."

Used iPhones are an extreme case because they are always in high demand.

Like the price of a stock, price

quotes for used iPhones fluctuate on websites that buy gadgets from consumers. Prices vary more on product-launch days. The difference between selling in the morning and evening can be real money.

"We anticipate this will be the biggest event in recommerce to date," said Kristina Kennedy, spokeswoman for Gazelle.com, which buys used electronics. Shortly after Apple announced Tuesday's news conference about the new iPhone, Gazelle's traffic spiked. There was a period where people were locking in a price to sell their old iPhones at the rate of one every 10 seconds on the site, Kennedy said.

Compared with the launch of the original iPhone 4, traffic at ReCellular.com in recent days is double, McKeown said.

A survey by mobile advertising network InMobi released last week showed 41 percent of current mobile phone users in North America planned to buy a new iPhone — before there was even confirmation a new iPhone existed.

"People just want to have the latest and greatest," Kennedy said. "When they're on a plane and the person sits down next to them, they want them to notice they have the iPhone 5, not the iPhone 4. There's sort of a badge of honor that comes for the hard-core Apple enthusiasts with having the newest one."

Many buy-back sites resell used phones — on eBay, for example — but ReCellular.com buys and sells used phones on its own site. Consumers can check those websites if they're in the market to

"People just want to have the latest and greatest."

Kristina Kennedy  
Gazelle.com,  
a used electronics buyer

buy used iPhones.

If you want to sell using a gadget buyback website, resale prices on iPhones are typically high the morning of Apple's announcement of a new model. "After that, we do expect the pricing to drop very quickly," Kennedy said. On Gazelle and some other sites, you can lock in a price and ship the phone weeks later, giving you time to buy your new phone and transfer service to it.

Owners of iPhones might be shocked to know you can sell your phone and get back most of what you paid. That's because U.S. wireless carriers usually sell phones for less than cost and make up for it with the price of the service plan. For example, many consumers paid \$299 for their 32-gigabyte iPhone 4, which retails for at least twice that. One buyback site, Cellitused.com, on Monday offered \$232 for one in good condition, and \$290 for one in like-new condition, according to price aggregator uSell.com.

Upgraders can use the money to defray the cost of a new iPhone or help pay early termination fees if they jump to a new wireless carrier before their contract expires. Some gadget buyers pay cash, while some store-sponsored buying programs pay in-store credit.

Sprint spokeswoman confirmed in an email that the carrier would join AT&T and Verizon in selling the new phone, along with the \$99 iPhone 4. The iPhone 3GS, however, will be available only from AT&T.

puter processor and a higher-quality internal camera but is largely a series of smaller upgrades to the iPhone 4, which has become the company's best-selling product. Apple also lowered the price on the existing iPhone 4 and

## Lawsuit

Continued from Page B4

story titled "Hedging Reed's Bets."

"That seems to be the common nexus jawed played on in the community," Esler said. "That became the door opener."

The Oregon Division of Finance and Corporate Securities is investigating Jawed and Bruhn for alleged securities fraud after investors complained they had been unable to withdraw their money from the funds.

Hedge funds are largely unregulated mutual funds for the rich. In 2010, Congress required greater oversight of the largest hedge funds. But smaller funds remain exempt from most public reporting, record-keeping and registration requirements.

The suit alleges Bruhn and Jawed persuaded mostly Oregonians to invest millions

of dollars in their "black box" hedge funds, with investments and holdings not clearly described to investors. But instead of investing the money in stand-alone funds, the duo commingled the investments and used the money for their own purposes, the lawsuit alleges.

The funds reported inflated returns and income that caused investors to pay taxes on those false returns, the lawsuit alleges. The funds' promotional material also failed to disclose that Jawed had been censured and barred for three months by the New York Stock Exchange, the lawsuit says.

Beginning in late 2009, attorneys for the funds told investors that the funds' assets had been sold and that investors would be cashed out. Despite repeated reassurances even recently, investors have not received their money, Esler said.

"Promises are being made that funds are being forthcoming on very short dead-

lines, and then it doesn't happen," Esler said. "That's been going on for more than a year and a half. It's got to be one of the most bizarre situations I've seen in 40 years of doing these kind of things."

The lawsuit also alleges the pair's accountants prepared misleading and false tax returns, financial statements and income statements for investors. Those statements prompted investors to make additional investments and keep their money with the hedge fund managers longer than they would have otherwise, the lawsuit alleges.

Also named in the lawsuit are Terence Lo and Daniel Kloucek, who were officers and managers of some Grifphon funds; Bruhn's wife, Sheila Bruhn; and Jawed's former wife, Fernanda DeClercq, who was also a portfolio manager for the funds.

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STEP 4

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## Apple

Continued from Page B4

let his lieutenants introduce the new device and many of